

improvement of Harlem River; to the Committee on Rivers and Harbors.

Also, petition of citizens of Rome, N. Y., favoring passage of bills to prohibit export of war material; to the Committee on Foreign Affairs.

By Mr. UNDERHILL: Petition of Louisiana mass meeting committee, for the furtherance of American neutrality, protesting against exportation of war material; to the Committee on Foreign Affairs.

By Mr. VOLLMER: Petition of the German Mechanics' Aid Society of Muscatine, Iowa, comprising a membership of 206, to lay an embargo upon all contraband of war; to the Committee on Foreign Affairs.

Also, petition of 815 American citizens, for the adoption of House joint resolution 377, prohibiting the export of war materials; to the Committee on Foreign Affairs.

Also, petition of the Allegheny County Neutrality League, Pittsburgh, Pa., to prohibit the export of munitions of war; to the Committee on Foreign Affairs.

Also, petitions of 31 American citizens of Muscatine, Iowa, for the adoption of House joint resolution 377, prohibiting the export of war materials; to the Committee on Foreign Affairs.

By Mr. YOUNG of North Dakota: Petition of Carl Schumaker and others, of Enderlin, N. Dak., protesting against exportation of war materials; to the Committee on Foreign Affairs.

SENATE.

THURSDAY, January 28, 1915.

(Legislative day of Tuesday, January 26, 1915.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

WITHDRAWAL OF ORDER FOR YEAS AND NAYS.

Mr. SMOOT. Mr. President, when we took a recess last evening the yeas and nays had been ordered on taking up the bill (H. R. 13044) to pension widows and minor and helpless children of officers and enlisted men who served during the War with Spain or the Philippine insurrection or in China between April 21, 1898, and July 4, 1902. I at this time ask unanimous consent that that order be set aside. I desire to withdraw it because I want the discussion of the shipping bill to proceed during the daytime and to have no other bill considered. I therefore ask unanimous consent to withdraw the order for the yeas and nays and also the motion to proceed to the consideration of the bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CALLING OF THE ROLL.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

| | | | |
|-------------|----------------|--------------|------------|
| Ashurst | Hitchcock | Perkins | Sterling |
| Brady | Hollis | Pittman | Stone |
| Brandeggee | Hughes | Ransdell | Sutherland |
| Bryan | James | Reed | Swanson |
| Catron | Jones | Robinson | Thomas |
| Chamberlain | Kenyon | Saulsbury | Thornton |
| Clapp | Kern | Sheppard | Townsend |
| Clark, Wyo. | Lane | Sherman | Vardaman |
| Culberson | McCumber | Shields | Walsh |
| Cummins | Martine, N. J. | Shively | White |
| Dillingham | Myers | Smith, Ariz. | Williams |
| Fletcher | Nelson | Smith, Ga. | Works |
| Gallinger | O'Gorman | Smith, Mich. | |
| Gronna | Page | Smoot | |

Mr. CHAMBERLAIN. I desire to announce that the junior Senator from South Carolina [Mr. SMITH] is detained by illness.

Mr. KERN. I wish to announce that the senior Senator from Illinois [Mr. LEWIS] is unavoidably absent on account of illness. This announcement may stand for the day and for the next several days.

The VICE PRESIDENT. Fifty-four Senators have answered to the roll call. There is a quorum present. The Chair desires to ask whether there will be any objection to the Chair announcing his signature to a bill? The Chair hears none.

ENROLLED BILL SIGNED.

The VICE PRESIDENT announced his signature to the enrolled bill (S. 5614) for the improvement of the foreign service, which had heretofore been signed by the Speaker of the House of Representatives.

THE MERCHANT MARINE.

Mr. SUTHERLAND. Mr. President, I desire to give notice that on Saturday next, immediately after the conclusion of the routine morning business, I will submit some observations on the pending bill.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, executive clerk, announced that the President had approved and signed the following acts:

On January 26, 1915:

S. 4012. An act to increase the limit of cost of the United States public building at Grand Junction, Colo.; and

S. 6309. An act to establish the Rocky Mountain National Park in the State of Colorado, and for other purposes.

On January 28, 1915:

S. 2337. An act to create the Coast Guard by combining therein the existing Life-Saving Service and Revenue-Cutter Service.

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

Mr. WALSH obtained the floor.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New Hampshire?

Mr. WALSH. I do.

Mr. GALLINGER. I had intended to conclude to-day my observations on the pending amendment submitted by the Senator from Massachusetts [Mr. LODGE], but the Senator from Montana having given notice that he would speak, and understanding that the junior Senator from Illinois [Mr. SHERMAN] likewise wishes to speak to-day, I will postpone the further discussion of the measure until a convenient time in the future, which I hope will be to-morrow.

ON THE RIGHTS OF NEUTRALS TO PURCHASE SHIPS OF BELLIGERENTS.

Mr. WALSH. Mr. President, in the course of the discussion to which the pending bill has given rise doubts have been expressed, from time to time, as to its wisdom lest through its operation our country should become involved in international complications of a grave character or even be drawn into the maelstrom of the awful conflict now raging in Europe. It contemplates both the construction and the purchase by the Government of ships to meet the crying necessities for means to transport our products to foreign markets, such ships to be operated, leased, or chartered by a corporation to which they are to be transferred, of the stock of which corporation the United States shall own at least a majority. The immediate need is so imperative in character in the view of the supporters of the measure as scarcely to brook the delay incident to construction.

It is assumed, accordingly, that an effort will be made to acquire by purchase the vessels deemed essential to meet the exigency which has arisen. In this connection it is advanced that ocean freights are now so high, the business for which they are suited is now so profitable, that no ships can be bought save those of Germany and Austria interned in our ports and in theirs and those of other neutral nations. It is said that such bottoms either are subject to capture and confiscation, though sailing under our flag upon registry effected upon a sale made since the commencement of hostilities, or that the right of a belligerent to treat such property as continuing in the nation under whose flag it enjoyed protection at the outbreak of the war, is involved in so much doubt and obscurity that its seizure is to be anticipated. It is denied, however, that the interned ships are the only ones available for purchase, and the assertion is made with much confidence that judging from the number already offered no difficulty will be encountered in securing a tonnage quite sufficient for the enterprise for which the bill makes provision, though no German ships are acquired. If these are or may be regarded as eliminated, it follows, necessarily, that the price that will be asked for those which remain in the market will be materially enhanced, and the likelihood of the success of the venture will be proportionately diminished.

The antagonists of the bill rarely assert unequivocally that under acknowledged rules of international law the interned ships would become lawful prize should they be purchased and sent out under the American flag. They content themselves ordinarily with vague language implying that the inquiry as to

whether they would or would not be immune leads the mind into a maze so confusing as to forbid that it reach any definite or safe conclusion, and without pointing out the consequences likely to flow from a difference of opinion on the question leave the imagination of the auditor or reader to conjure up a fratricidal war as the necessary and inevitable consequence.

In any aspect of the case it is extremely desirable to know just what risk would be encountered should the Shipping Board purchase any of the German ships now in our waters and put them into the transoceanic trade through the instrumentality of the corporation for whose organization the bill provides. The main question involved will, in all probability, be presented by the case of the *Dacia*, the seizure of which on her voyage from Galveston to Rotterdam is, to judge from the press reports, imminent. I rejoice that in the duty devolving upon me of laying before the Senate the results of a somewhat careful study of the subject, I am privileged to say that, assuming the transfer of the *Dacia* to be bona fide, there is abundant reason to believe her immune from condemnation under the rules of international law, and that restitution will be due from any nation that interferes with her on the trip on which she is about to set out. It is a source of gratification to me that in the discharge of my obligation as a Member of this body, I am not required to give support to any theory of legal principles that may embarrass a fellow countryman in a controversy with a powerful nation or to take any position that may plague our Government in any effort it may make to obtain redress for him from it. His cause, assuming that he has bought in good faith, is our cause, and not alone our cause but the cause of neutral trade the world over.

The right of neutrals to purchase ships of a belligerent after the commencement of hostilities and to invest them with the security which attends other craft lawfully flying the neutral flag, has been stoutly maintained by both Great Britain and the United States for more than a hundred years. France has never formally accepted this doctrine, but she has acquiesced in it to such an extent, it has acquired such general recognition among the publicists of the world, that it is unbelievable that she would attempt to disregard it and appeal, as she must, to the judgment of the nations of the earth among whom she would stand practically alone. As for Great Britain, she stands committed to the view indicated so firmly that no honorable avenue of escape is open, even though it could be conceived she might desire to see it overturned. Her great judges reasserted and enforced the rule throughout the trying times of the Napoleonic wars when the very existence of the nation was at stake. It was applied in favor of the citizens of feeble States, and the subjects of petty princes whose favor she had no occasion to court and whose ill will she had no cause to dread. The Crimean War again brought the question before her courts, and again the rule that gave her distinction as the champion of the rights of neutrals as against the arrogant claims of belligerents was vigorously asserted and maintained.

The distinguished senior Senator from New York, whose views upon all questions of international law justly command the attention of the Senate and the country, advanced the argument before this body on Monday last that Great Britain had, by her adherence to the Declaration of London, receded from the position which her statesmen and jurists have held for over a century upon this important question, and that that country is now committed to a doctrine under which the purchase of any German ships effected since the war began must be treated as a nullity.

It is a salutary rule that new statutes are to be interpreted in the light of those which they displace. If there is any ambiguity in the language of the Declaration of London, it is evidently wise that it be examined in the light of the law and the practice of the nations participating in its preparation on the subject concerning which any controversy may arise. If it is claimed that substantial and important concessions were made by any nation, it will be wise to inquire with what vigor and consistency it had theretofore proclaimed and observed the doctrine which it is said to have abandoned.

AS MAINTAINED BY ENGLAND.

The law of England on the subject of the right to transfer ships from the flag of a belligerent to that of a neutral after a declaration of war or the commencement of hostilities is succinctly stated in a single paragraph of a manual prepared by Thomas Erskine Holland and issued in 1888 by authority of the Lord Commissioners of Admiralty for the guidance of the officers of the navy, as follows:

A vessel apparently owned by a neutral is not really so owned if acquired by a transfer from an enemy, or from a British or allied subject, made at any time during the war, or previous to the war but in

contemplation of its breaking out, unless there is satisfactory proof that the transfer was bona fide and complete. (Holland, par. 53, p. 17.)

The instructions continue:

WHAT ARE ENEMY VESSELS.

19. The commander will be justified in treating as an enemy vessel:

- (1) Any vessel under the flag and pass of the enemy Government.
- (2) Any vessel sailing under a license of the enemy Government.
- (3) Any vessel owned in whole or in part by an enemy, as hereinafter defined (see secs. 20-30).

(4) Any vessel apparently owned by a British, allied, or neutral subject, as hereinafter defined (see pars. 41, 42, 49, 55, 56), if such person has acquired the ownership by a transfer from an enemy made after the vessel had started upon the voyage during which she is met with and has not yet actually taken possession of her.

(5) Any vessel apparently owned by a British, allied, or neutral subject, if such person has acquired the ownership by a transfer from an enemy made at any time during the war, or previous to the war but in contemplation of its breaking out, unless there is satisfactory proof that the transfer was bona fide and complete. In the event of such a transfer being alleged, the commander should call for the bill of sale, and also for any papers or correspondence relating to the same. If the bill of sale is not forthcoming, and its absence is unaccounted for, he should detain the vessel. If the bill of sale is produced, its contents should be carefully examined, especially in the following particulars:

- (a) The name and residence of the vendor.
- (b) The name and residence of the purchaser.
- (c) The place and date of the purchase.
- (d) The consideration money and the receipt.
- (e) The terms of the sale.
- (f) The service of the vessel and the name of the master, both before and after the transfer.

The name and residence of the vendor are material to show whether or not he was an enemy.

The name and residence of the purchaser are material to show whether or not he was a person resident in British, allied, or neutral territory.

The date and place of the purchase are material to show whether or not the transfer was made in contemplation of or in consequence of the war.

The consideration money is material, in case the vessel is alleged to have been transferred by sale, to show whether or not the transaction was bona fide; for if the transaction was professedly a sale, then the fact that the consideration was nominal or wholly inadequate would be a just cause for suspicion. But a transfer by way of gift or bequest will, if bona fide and complete, be as valid as a transfer by way of sale.

The receipt for the purchase money should be called for in case the vessel is alleged to have been transferred by sale; but if there is proof that the sale was bona fide and in other respects complete, the transfer will be good, although no receipt is forthcoming, and even though the purchase money has not in fact been paid, for the prize court does not consider any lien which an enemy vendor may have upon a vessel or cargo or freight for unpaid purchase money to be a subsisting enemy's interest rendering the vessel liable to confiscation. However, the fact that the purchase money, instead of having been paid in cash, has only been carried to an account will raise the presumption of the transfer being merely colorable, and such presumption can be rebutted only by clear proof to the contrary.

The terms of the sale are material to show whether the transfer was complete. The transfer would not be complete if the sale was not absolute, as if it contained a power of revocation, or a condition for a return of the vessel at the close of the war, or a reservation of the profits of the vessel, or of any control over her to be left in the hands of the former owner.

The service of the vessel and the name of the master, both before and after the transfer, are material to show whether or not the transfer be a genuine one, for if the service has continued unaltered by the transfer the commander will be justified in holding the transfer to be colorable only. The fact that the same master is retained in command after the transfer raises a suspicion, but standing alone will not be conclusive that the transfer was not bona fide.

If the transfer is bona fide and complete as between the parties, the fact that it was effected in fraud of the revenue or the law of the mercantile marine of any foreign country will be immaterial.

If the purchase was made through an agent, the letters of procuration should be called for.

The principle upon which the doctrine thus announced rests is sublimely simple. It is that a neutral nation may trade with either belligerent, except in contraband. The neutral may buy anything from the belligerent. If property of a citizen of a belligerent nation is sold and transferred to a citizen of a neutral country, it is his, and as much entitled to be regarded as his, as much entitled to protection and to immunity, as though he had produced it in his own country or acquired it from a fellow citizen. If an American should purchase a cargo in a German port, of German citizens, and carry it out upon the high seas in a German vessel, he might claim his goods, though the vessel should be seized and condemned. Very strict proof would be required of him to establish that he was, in fact, the owner of the goods; that they had actually been transferred to him; but assuming that fact to be established, they are not subject to lawful seizure. The doctrine which the English and the American courts have rejected and repudiated is that ships, and ships alone of all the infinite forms and varieties which property may take, constitute an exception to this rule. The sale of a ship may be simulated, as may the sale of any other species of property. In such case the liability to capture remains, because there is, in fact, no transition of ownership. It is to prevent a successful imposture that the stringent rules referred to are prescribed in the case of a pretended sale and transfer after a state of war arises.

That there may remain no doubt as to the English rule, I quote from III Phillimore's International Law, page 735, the

author of which work was an eminent practitioner before the admiralty court in prize cases and later a judge thereof, the following:

In respect to the transfers of enemies' ships during war, it is certain that purchases of them by neutrals are not, in general, illegal; but such purchases are liable to great suspicion; and if good proof be not given of their validity by a bill of sale and payment of a reasonable consideration it will materially impair the validity of the neutral claim.

And the following from the opinion of the Lords of the Privy Council in the case of the *Baltica* (XI Moore, 141-145):

The general rule is open to no doubt. A neutral while a war is imminent or after it has commenced is at liberty to purchase either goods or ships—not being ships of war—from either belligerent, and the purchase is valid, whether the subject of it be lying in a neutral port or in an enemy's port. During a time of peace, without prospect of war, any transfer which is sufficient to transfer the property between the vendor and the vendee is good also against a captor if war afterwards unexpectedly breaks out. But in case of war, either actual or imminent, this rule is subject to qualification, and it is settled that in such case a mere transfer by documents which would be sufficient to bind the parties is not sufficient to change to property as against captors as long as the ship or goods remain in transitu.

With respect to these principles their lordships are not aware that it is possible to raise any controversy; they are the familiar rules of the English prize courts, established by all the authorities, and are collected and stated, principally from the decisions of Lord Stowell, by Mr. Justice Story in his *Notes on the Principles and Practice of Prize Courts*, a work which has been selected by the British Government for the use of its naval officers as the best code of instruction in the prize law. The passages referred to are to be found in pages 63 and 64 of that work.

In view of this interesting tribute to Justice Story I quote the passages to which reference is made from his manual:

In respect to the transfers of enemies' ships during the war it is certain that purchases of them by neutrals are not in general illegal; but such purchases are liable to great suspicion, and if good proof be not given of their validity by a bill of sale and payment of a reasonable consideration it will materially impair the validity of the neutral claim; and if the purchase be made by an agent, his letters of procuration must be produced and proved; and if after such transfer the ship be employed habitually in the enemy's trade or under the management of a hostile proprietor, the sale will be deemed merely colourable and collusive. But the right of purchase by neutrals extends only to merchant ships of enemies, for the purchase of ships of war belonging to enemies is held to be invalid, and a sale of a merchant ship made by an enemy to a neutral during war must be an absolute unconditional sale. Anything tending to continue the interest of the enemy in the ship vitiates a contract of this description altogether. (Story on Prize Courts, p. 63.)

The case of the *Baltica* is of particular importance in the inquiry being pursued in view of the ingenious theory advanced by the eminent Senator from New York that under the Declaration of London a ship sold because she was likely to be captured by an enemy should she issue forth from her haven upon the high seas would still be legitimate prize, though she sailed under a neutral flag, the emblem of the nation of her new owners.

The *Baltica* was one of a number of ships giving rise to what are known as the Sorensen cases. Sorensen, at the breaking out of the Crimean War, was domiciled in Russia and was held to be a subject of that country. He owned quite a fleet of ships, and anticipating that the war was about to break out he transferred them all to his son, who claimed and established his right to the protection of a citizen of Denmark. The circumstances attending the sale naturally cast suspicion upon it, but the bona fide character of the transaction was established to the satisfaction both of the court of first instance and the higher tribunal to which the case went on appeal. That is to say, the sale was actual, not simulated; the title to the property was transferred, the vendor retaining no interest in the ships themselves and no right to have them returned to him at the close of the war or at any time. But it was frankly admitted that Sorensen senior parted with his property in the vessels because of the conditions sure to arise on the breaking out of the war. The eminent judge of the admiralty court, Dr. Lushington, said, in his opinion in the case:

The great principle by which I am to be guided in this inquiry is whether there is a transaction such as would accord with the ordinary course of trade, by which I mean not the purchase of this particular ship per se, for no one can doubt that this ship would not have been sold, and certainly not for the price, save for apprehension of the war; but whether independently of that motive, the transaction itself, the mode of sale and of payment was accordant with the ordinary custom of merchants during peace. (Spinks, 264.)

In all these respects he found the transaction unexceptionable except that under the agreement of sale one-third of the purchase price was to be, and had been, paid in cash, the remainder to be paid out of the earnings of the vessels. Because of this feature the lower court held that the sale was not absolute, or at least that the vendor retained such an interest as made the *Baltica* subject to confiscation. The Privy Council reversed the judgment and liberated the ship, maintaining that the transfer of title was complete, and that the claim upon the earnings did not amount to the retention of an interest in the ship itself. The feature that the sale was made in view of the imminency of war was not adverted to by the Lords of the Privy Council in their

opinion in the case of the *Baltica*, but in that of another of the ships transferred under like circumstances—the *Ariel*—they said, having referred to the dates of incidents connected with the sale and the date of the declaration of war:

These dates seem of themselves to show that the sale was made in contemplation of war and imminence bello in a popular sense; but the evidence in the case goes further and shows conclusively that the Russian shipowners at Liban, feeling that war was at hand and that they could not employ their ships under the Russian flag, determined, on consultation, to sell their vessels, even at considerably reduced prices, rather than to keep them unemployed in Russian ports. It is argued that war can not be said to be imminent unless there be an embargo or some similar act of the country about to be belligerent, and cases are cited in which such circumstances have occurred, but none of those cases go the length of laying down any positive rule as to the necessity of such circumstances. Their lordships are of opinion that there is abundant proof that the sale was made imminence bello and in contemplation of it. Still, if the sale was absolute and bona fide, there is no rule of international law, as laid down by the courts of this country, which makes it illegal. Such a bona fide sale, made even flagrante bello, would be legal, much more imminence bello. (XI Moore, 128.)

The *Ariel* was likewise released. These captures had been made by the British Navy. The executive branch of the Government charged with the conduct of the war was insisting that the ships in question were lawful prize, but the courts of England vindicated the renown and added to the glory of English law by ordering that they be surrendered to the lawful owners.

The unequivocal declaration of the Lords of the Privy Council in the case of the *Ariel*, that under the rules of international law, as asserted by the English courts, a sale made because a state of war was imminent, or even because of the existence of such, is valid and to be respected, was fully justified by the decisions of the High Court of Admiralty, when Lord Stowell presided over its deliberations.

In the opinion in the case of the *Minervia* (6 C. Rob., 399) he said:

There have been cases of merchant vessels driven into ports out of which they could not escape and there sold, in which, after much discussion and some hesitation of opinion, the validity of the purchase has been sustained.

A note to the report of that case explains the reference in the language quoted, as follows:

(a) The *Nieuwe Vriendschap*, *Knuttel* (b), and other Dutch ships that had been lying with their cargoes on board at Curacao near two years in expectation of convoy, and were asserted to have been sold in that situation to imperial subjects and other neutral claimants.

AS ASSERTED BY THE UNITED STATES.

The attitude of the jurists of America on the important subject of our inquiry was disclosed in the extracts read from the work of Justice Story. It is quite commonly known that France has in the past proclaimed a different doctrine. The question which now so seriously confronts us was equally live and practical at the outbreak of the Crimean War. It was within the period when our merchant marine was a source of pride to every American, when the Stars and Stripes greeted the traveler in every great port of the world, when ships flying our flag played a very important part in bearing not alone our commerce but as well that carried on between foreign nations. In that situation the Attorney General of the United States, the Hon. Caleb Cushing, whose career has added luster to the American bar, in response to a request from the State Department, expressed in two formal opinions the rule of international law concerning the right to transfer ships from the flag of a belligerent to the flag of a neutral. No concern could have been felt at the time by those who might find it to their interest to buy, concerning the attitude of England, for her position was well known. So far as any anxiety was felt on the part of those most directly interested it must have been over the case which France might be able to make in favor of the doctrine she was understood to espouse.

(A) POSITION OF THE DEPARTMENT OF JUSTICE.

I quote first from a communication made by Mr. Cushing to the Secretary of State, under date of August 7, 1854:

It is true that the prize regulations occasionally issued by some belligerent nations have undertaken to prescribe a limitation in time of war of the right to purchase, naturalize, and neutralize foreign ships to the effect that in order to exempt from capture in the hands of a neutral a merchant ship purchased from the belligerent it must be shown that she was so purchased before the existing war or else after capture and lawful condemnation. (Hubner, *De la Saisie des Batimens Neutres*, tom. 1, pt. 2, ch. 3, s. 10, No. 4.)

France, by the prize regulations of July 23, 1704, article 7 (Lebeau, *Nouveau Code des Prises*, tom. 1, p. 332), and by those of July 26, 1778, article 7 (Lebeau, tom. 4, p. 342), enacted that no vessel of enemy's construction or which had been at any time of enemy's ownership should be reputed neutral without proof that the sale to the neutral owner was made before the commencement of hostilities. (Merlin, *Repertoire*, *Prise Maritime*, s. 3, art. 3, p. 144.)

Russia, on the other hand, at all times just in her appreciation of neutral rights, has in her wars with Turkey, where the question is a practical one, admitted that a ship of belligerent construction when it has become the property bona fide of a neutral, though purchased by him after the commencement of war, is not subject to molestation. (Hautefeuille, *ubi supra*, tom. 4, p. 28, note.)

The injustice and unreasonableness of making any distinction in this respect between ships and any other species of property were long since indicated (Lampredi, *Del Commercio del Popoli neutrali in Tempo di Guerra*, pt. 1, s. 12, note), and this belligerent encroachment on the sovereignty and the rights of neutrals, notwithstanding that it continues to be asserted by some States, is rejected by the most authoritative writers on the public law of Europe. (See Hautefeuille, *ubi supra*, title 11, ch. 2.)

The exercise of commerce by every nation is one of the incidents of its sovereignty. The sovereign rights of a particular nation are not to cease whenever any two other nations choose to go to war. The neutral State is to conduct impartially between the belligerents, but its commerce remains free with respect to them and to each of them. That commerce is without limitation saving only the restrictions as to contraband of war and places besieged, blockaded, or invested, and thus restricted it extends in principle to all the possible objects of mercantile intercourse.

No Government has a right to contest the validity of the sale of a ship on the pretense of its having been at one time belligerent property. To undertake to do this is to usurp a jurisdiction over the business of other nations; it is to derogate from their independence; it is a mere abuse of force which a strong nation may impose on a weak one, but which every strong nation should indignantly repel, as it repels the pretension of the exclusive dominion of the sea by any one State. (6 Op., 642.)

On October 8, 1855, he addressed a further letter to the Secretary, in which, after adverting to his earlier communication, he continued:

Since that opinion was delivered several treatises of more or less value on belligerent law have been published in Great Britain adapted to current events and to the present state of the science of jurisprudence. They agree unanimously that the bona fide sale of the ships of belligerents to neutrals in time of war is lawful and valid unless made in transitu. (Hosack, *Rights of British and Neutral Commerce*, p. 81; Lock, *Legal Guide of Sailors and Merchants during War*, p. 129; Wildman, *Law of Search, Capture, and Prize*, p. 26; Hazlitt and Roche, *Law of Maritime Warfare*, p. 46.)

A still more important fact in this relation is the decision of the British high court of admiralty in a late case of a vessel captured as Russian, but claimed as the property of a Hamburger by purchase since the commencement of hostilities. In this case the court (Dr. Lushington) says, "With regard to the legality of the sale, assuming it to be bona fide, it is not denied that it is competent to neutrals to purchase the property of enemies in another country, whether consisting of ships or anything else. They have a perfect right to do so, and no belligerent right can override it. The present inquiry, therefore, is limited to whether there has been a bona fide transfer or not." (The *Johanna Emilia*, English Reports in Law and Equity, vol. 29, p. 562.)

Thus it is perceived that now in Great Britain not only is it held that neutrals have right to purchase belligerent vessels by the law of that country, but also by the law of nations; that the right is "perfect," and that "no belligerent right can override it."

I am not aware of any assumed belligerent right adverse to this, except in a French regulation of the reign of Louis XVI, as follows:

"Regulation of July 26, 1778. Article 7. Ships of enemies' construction, or which shall have been enemies' ownership, can not be regarded as neutral or as belonging to allies unless there be found on board certain documents, authenticated by public officers, certifying the date of sale or cession, and that such sale or cession had been made to the subject of an allied or neutral power previous to the commencement of hostilities, and that the said conveyance of an enemy's property to the subject of a neutral or an ally has been duly registered in presence of the principal officer of the place from which the vessel sailed and signed by the owner of the ship or by a person holding power of attorney from him." (Lebeau, *Nouveau Code des Prises*, tom. 2, p. 342.)

This regulation is defended and commended in a recent French treatise on prize law, with singular inconsistency, considering the just pride which the authors express in a view of the contemporary success of the French and American doctrine of neutral rights in the matter of the immunity of merchandise on board of neutral ships of commerce. (Histoye et Duverdy, *Traité des Prises Maritimes*, tom. 1, p. 350; tom. 2, p. 1.)

It is remarkable also that while they carefully expose the difference between the English and the French public law in the first case, yet they as carefully suppress all indication of that law in the second case, although they quote several recent prize trials in the British court of admiralty which involve inquiry on collateral relations of the same great question, and the due understanding of which, in France, required that the English rule should be stated, at least by way of commentary, if not of approbation. (Tom. 2, p. 15.)

It is remarkable for the further reason that other French authors of deserved authority had pointedly condemned the regulation of Louis XVI. (See Hautefeuille, *Droits et Devoirs des Nations Neutres*, tom. 4.)

Rumor asserts that the regulation has been applied during the present war to the case of a Russian merchantman, purchased by a Spaniard, in the port of Cadix.

But, considering the liberal character of the traditional public policy of France in the matter of neutral rights—a policy which, it is apparent, in other respects has the enlightened approval of the present Emperor of the French—it is not to be presumed that the French Government will assert this regulation adversely to the public law recognized not by neutrals merely like the United States, but by one of the two principal belligerents, Great Britain. We may rather anticipate that the Emperor, justly gratified to see England come up to the policy of France in regard to neutral transportation of belligerent goods, will not choose to remain behind England in regard to the purchase and sale of belligerent ships.

It is not recorded that the French Emperor disregarded the obvious warnings of these virile public letters. Whatever support has been given by France since the middle of the last century to the rule of Louis XVI has been purely academic. She paid no heed to it in the Crimean War nor in the war with Germany in 1870 nor during the war with China in 1884, as will be hereafter shown.

(B) POSITION OF THE DEPARTMENT OF STATE.

In the contingency which brought out the letters of Attorney General Cushing, our Government took occasion to bring, in a

most direct manner, to the attention of the French authorities, the attitude it would be compelled to take on the question being considered.

On the 19th of February, 1856, Mr. Marcy, Secretary of State, addressed a letter of instructions to Mr. Mason, our ambassador at the court of France, in the course of which he said:

The law of nations secures to neutrals unrestricted commerce with the belligerents, except in articles contraband of war and trade with blockaded or besieged places. With these exceptions commerce is as free between neutrals and belligerents as if it were carried on solely between neutral nations, and it is difficult to conceive upon what principle an exception can be made and the neutral deprived of the rights secured in regard to the purchase of merchant vessels.

It is true a regulation of France has been referred to in support of the doctrine avowed by the Imperial Government, but it is hardly necessary to observe that a municipal law of that country can only affect persons under its control, and can have no binding force beyond its territorial limits. The parties who made the contract for the sale and purchase of the ship *St. Harlampp* were not under the jurisdiction of the municipal law of France; on the contrary, they were both within the jurisdiction of the United States as well as the property which formed the subject of the transaction. The validity or invalidity of the transaction can be determined only by the local or international law. It was a contract authorized by the laws of this country and the law of nations; and it was supposed to be universally conceded that such a contract would be respected everywhere. Certainly no Government except that under which the contract was made could interpose to destroy or vary the obligations which its provisions impose if not contrary to the law of nations. This is the doctrine of the European publicists, and it is especially sustained by Hautefeuille, whose authority will, I doubt not, be recognized by the Emperor's Government. He says, "It is impossible to recognize such a right as that claimed by the regulations of France." "Commerce," he adds, "is free between the neutral and belligerent nations; this liberty is unlimited except (by) the two restrictions relative to contraband of war, and to places besieged, blockaded, or invested; it extends to all kinds of provisions, merchandise, and movable objects without exception. Pacific nations can then, when they judge proper, purchase the merchant ships of one of the parties engaged in hostilities without the other party having the right to complain, without, above all, that it should have power to censure, to annul these sales, to consider and treat as an enemy a ship really neutral and regularly recognized by the neutral Government as belonging to its subjects. To declare null and without obligation a contract, it is indispensable that the legislator should have jurisdiction over the contracting parties. It is then necessary, in order that such a thing should take place, to suppose that the belligerent possesses the right of jurisdiction over neutral nations. That is impossible; the pretension of the belligerents is an abuse of force, an attempt against the independence of pacific nations, and consequently a violation of the duties imposed by divine law upon nations at war."

However long may be the period during which this doctrine has formed part of the municipal code of France, it is manifestly not in harmony with her maritime policy, and it is confidently believed by this Government that France will not assert it, not only against the practice of other nations but against the authority of her most enlightened writers on public law. (7 Moore on International Law, 416.)

I pause to invite the attention of the Senate to the language of Mr. Marcy expressive of the position that a disregard by a belligerent of a transfer of property made within a neutral nation and valid by its laws would be an offense against the sovereignty and independence of the latter.

The views expressed by Mr. Marcy were publicly proclaimed in official communications by many of his successors, notably by Mr. Cass in 1859, by Mr. Fish in 1877, and by Mr. Evarts in 1879.

(C) POSITION OF THE COURTS.

Finally, the Supreme Court of the United States, in a case growing out of the Spanish-American War—the *Benito Es-tenger* (176 U. S., 568)—reasserted the rule as expressed by the publicists of this country whose views have been referred to. These have been dwelt upon at some length, not only to impress upon the Senate the fixed character of the sentiment in this country upon the important question under review but to exhibit the intensity of that sentiment as it was disclosed on every occasion which called for an expression touching it—to expose somewhat fully the struggles through which we have passed—to maintain not only for ourselves but, as well, for the neutral nations of the world an inestimable right which the illustrious Senator from New York now tells us that, in an unguarded moment, under his direction as Secretary of State, we surrendered without a battle even of words; and surrendered, practically, in favor of a principle, to use the language of Mr. Cushing, "rejected by the most authoritative writers on the public law of Europe."

Reference has been made to the disregard by France during the wars of the latter half of the nineteenth century of the doctrine for which she has been credited with being the protagonist. She was engaged in war with China in 1883, growing out of controversies involving her East Indian possessions. Our citizens did not hesitate to purchase Chinese ships and sail them in the waters of the circumjacent seas under the American flag. Indeed, they were acquired in such numbers that President Arthur in his annual message to Congress on December 1, 1884, referred somewhat exultantly to the fact and asked for legislation giving them registry under our laws in virtue of which they might enter and unload in our ports.

THE DECLARATION OF LONDON.

Such was the state of the law when the conference of London assembled December 4, 1908, to frame a code of laws for the government of the international prize court, for the establishment of which the second Hague conference had made provision. The English-American theory was vigorous, dominant, established by practice and by precedent. The French theory was discredited, obsolete, and practically abandoned. The delegates from Austria-Hungary to the conference, which was composed of representatives of the great commercial nations of the earth—the United States, Great Britain, France, Germany, Russia, Japan, Austria-Hungary, Italy, Spain, and the Netherlands—the delegates to the conference from Austria-Hungary referred to it as the "ancient French theory," the characterization being made in a formal statement submitted by them which embraced the following paragraph:

The ancient French theory under which enemy vessels could not from the outbreak of hostilities change their nationality—that is to say, lose their status as enemy vessels—implies an undue restriction of neutral commerce, as such commerce must in principle remain free, even in time of war. France herself further derogated from this theory in 1870.

The reference to the conduct of France in 1870 is fully justified, not only by her failure to make seizure of ships transferred to a neutral flag after the declaration of war but by the following from the instructions issued by the minister of marine for the conduct of the navy:

When the result of the examination of the ship's papers is that since the declaration of war the nationality of the hitherto enemy ship has been changed by a sale made to neutrals there is need of proceeding with great caution to make sure that this transaction was executed in good faith and not for the sole purpose of concealing what is really enemy property.

Obviously if no transfer made since the commencement of hostilities was to be held valid, no instruction would have been given to examine with care the ship's papers in such a case to determine whether the transaction was in good faith.

The statement of the various nations referred to was prepared in response to a request from the British foreign minister in communicating the invitation to other nations to participate in the conference in which he expressed the hope that the representatives would "interchange memoranda setting out concisely, with reference to the authorities supporting the contention made, what they regard the correct rule of international law on each" of seven points proposed as a program for the conference, as follows:

- (a) Contraband, including the circumstances under which particular articles can be considered as contraband; the penalties for their carriage; the immunity of a ship from search when under convoy, and the rules with regard to compensation where vessels have been seized but have been found in fact only to be carrying innocent cargo;
- (b) Blockade, including the questions as to the locality where seizure can be effected, and the notice that is necessary before a ship can be seized;
- (c) The doctrine of continuous voyage in respect both of contraband and of blockade;
- (d) The legality of the destruction of neutral vessels prior to their condemnation by a prize court;
- (e) The rules as to neutral ships or persons rendering "unneutral service" ("assistance hostile");
- (f) The legality of the conversion of a merchant vessel into a warship on the high seas;
- (g) The rules as to the transfer of merchant vessels from a belligerent to a neutral flag during or in contemplation of hostilities; and
- (h) The question whether the nationality or the domicile of the owner should be adopted as the dominant factor in deciding whether property is enemy property. (54 Sessional Papers, House of Commons, 1909, pp. 371, 372.)

Great Britain submitted the following on the subject of "Transfer of merchant vessels to a neutral owner during or in contemplation of hostilities":

1. The transfer, either by sale or by gift, to a neutral of a hostile ship other than a war vessel is not made invalid merely by reason of the fact that it took place during or in anticipation of hostilities.
2. Such transfer, however, is not valid—
 - (a) if it takes place in a blockaded port;
 - (b) if it takes place during a voyage;
 - (c) in this respect a voyage is ended the moment the ship reaches the port where it can be effectively taken possession of by the transferee.
3. The burden of proof that the transfer is bona fide is upon the plaintiff, and the transfer must be complete, in good faith, and for an adequate price.
4. A ship transferred to a neutral flag is therefore still liable to condemnation by a prize court should the conditions of the transfer give rise to suspicion of which the plaintiff does not clear himself, as, for instance—
 - (a) if no written evidence of the transfer is found on board at the time of the seizure;
 - (b) if the transferor has any control over the ship, a share in the profits, or the privilege of revoking the transfer;
 - (c) if the supposed transferee or his representative (the latter not being an enemy) has not taken possession;
 - (d) if the ship is subject to the control of an enemy;
 - (e) if the captain or person in command is in the service of an enemy.

The memorandum was accompanied with a long list of decisions by the courts of England, embracing those to which reference has heretofore been made.

It is singular and singularly regrettable that the memorandum submitted by the representatives from the United States omitted all reference to the subject so important here. The attitude of the dual monarchy has been disclosed. Japan gave her adherence to the English-American theory. The Netherlands went even beyond it in recognition of the right of transfer. Spain signified her acceptance of the rules expressed in the statement of Great Britain. Italy expressed the view that upon strict proof that the sale was not fictitious it should be recognized. France, Germany, and Russia declared in favor of the doctrine that sales made after a declaration of war are void, but without citing any authorities whatever. The position taken by each of the nations participating is set out in a compilation, which I send to the desk and which I ask be printed as an appendix to my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none.

IS THE DECLARATION OPERATIVE AND CONTROLLING?

Mr. WALSH. The result of the labors of the Conference was the celebrated Declaration of London.

It was signed by all the delegates and represents mutual concessions, each being the consideration for the other; but it was never ratified by Great Britain; and as the ratifications of those powers which indorsed the work of their delegates have never been exchanged, it has not become obligatory as a treaty.

On the 20th day of August, 1914, Great Britain issued a proclamation reciting that—

During the present hostilities the convention known as the Declaration of London should, subject to certain additions and modifications therein specified, be adopted and put in force.

The additions and modifications referred to are as follows:

- (1) The lists of absolute and conditional contraband contained in the proclamation dated August 4, 1914, shall be substituted for the lists contained in articles 22 and 24 of the said declaration.
 - (2) A neutral vessel which succeeded in carrying contraband to the enemy with false papers may be detained for having carried such contraband if she is encountered before she has completed her return voyage.
 - (3) The destination referred to in article 33 may be inferred from any sufficient evidence, and (in addition to the presumption laid down in article 34) shall be presumed to exist if the goods are consigned to or for an agent of the enemy State or to or for a merchant or other person under the control of the authorities of the enemy State.
 - (4) The existence of a blockade shall be presumed to be known—
 - (a) To all ships which sailed from or touched at an enemy port a sufficient time after the notification of the blockade to the local authorities to have enabled the enemy Government to make known the existence of the blockade.
 - (b) To all ships which sailed from or touched at a British or allied port after the publication of blockade.
 - (5) Notwithstanding the provisions of article 35 of the said declaration, conditional contraband, if shown to have the destination referred to in article 33, is liable to capture to whatever port the vessel is bound and at whatever port the cargo is to be discharged.
 - (6) The general report of the drafting committee on the said declaration presented to the naval conference and adopted by the conference at the eleventh plenary meeting of February 25, 1909, shall be considered by all prize courts as an authoritative statement of the meaning and intention of the said declaration, and such courts shall construe and interpret the provisions of the said declaration by the light of the commendatory given therein.
- And the lords commissioners of His Majesty's treasury, the lords commissioners of the Admiralty, and each of His Majesty's principal secretaries of state, the president of the probate, divorce, and Admiralty division of the high court of justice, all other judges of His Majesty's prize courts, and all governors, officers, and authorities whom it may concern are to give the necessary directions herein as to them may respectively appertain.

Her allies took similar action.

On the 21st day of September another proclamation was issued reciting the one of earlier date referred to and setting forth:

Whereas it is expedient to introduce further modifications in the declaration of London as adopted and put in force: Now, therefore,

We (the King) do hereby declare, by and with the advice and of our privy council, that during the continuance of the war, or until we do give further public notice, the articles enumerated in the schedule hereto will, notwithstanding anything contained in article 28 of the declaration of London, be treated as conditional contraband:

SCHEDULE.

Copper, unwrought.
Lead—pig, sheet, or pipe.
Glycerin.
Ferrochrome.
Hematite iron ore.
Magnetic iron ore.
Rubber.
Hides and skins, raw or rough tanned (but not including dressed leather).

Article 28 referred to declared that neither hides, rubber, nor metallic ores might be declared contraband of war, so that as early as September 21 Great Britain gave notice that she would not observe or be bound by the declaration of London, which provided by article 65 that—

The provisions of the present declaration must be treated as a whole and can not be separated.

She went further, and on October 29, 1914, issued the following:

Whereas by an order in council dated the 20th day of August, 1914, His Majesty was pleased to declare that during the present hostilities the convention known as the declaration of London should, subject to certain additions and modifications therein specified, be adopted and put in force by His Majesty's Government; and

Whereas the said additions and modifications were rendered necessary by the special conditions of the present war; and

Whereas it is desirable and possible now to reenact the said order in council with amendments in order to minimize, so far as possible, the interference with innocent neutral trade occasioned by the war: Now, therefore, His Majesty, by and with the advice of his privy council, is pleased to order, and it is hereby ordered, as follows:

1. During the present hostilities the provisions of the convention known as the Declaration of London shall, subject to the exclusion of the lists of contraband and noncontraband, and to the modifications hereinafter set out, be adopted and put in force by His Majesty's Government.

The modifications are as follows:

(i) A neutral vessel, with papers indicating a neutral destination, which, notwithstanding the destination shown on the papers, proceeds to an enemy port, shall be liable to capture and condemnation if she is encountered before the end of her next voyage.

(ii) The destination referred to in article 33 of the said declaration shall, in addition to the presumptions laid down in article 34, be presumed to exist if the goods are consigned to or for an agent of the enemy State.

(iii) Notwithstanding the provisions of article 35 of the said declaration, conditional contraband shall be liable to capture on board a vessel bound for a neutral port if the goods are consigned "to order," or if the ship's papers do not show who is the consignee of the goods, or if they show a consignee of the goods in territory belonging to or occupied by the enemy.

(iv) In the cases covered by the preceding paragraph (iii) it shall lie upon the owners of the goods to prove that their destination was innocent.

2. Where it is shown to the satisfaction of one of His Majesty's principal secretaries of state that the enemy Government is drawing supplies for its armed forces from or through a neutral country, he may direct that in respect of ships bound for a port in that country article 35 of the said declaration shall not apply. Such direction shall be notified in the London Gazette and shall operate until the same is withdrawn. So long as such direction is in force a vessel which is carrying conditional contraband to a port in that country shall not be immune from capture.

At the same time she issued new lists of contraband designating innumerable articles as contraband contrary to article 28 of the declaration, and characterizing many articles as absolute contraband contrary to article 23, which permits additions to the list of absolute contraband only of such articles as are used exclusively for war.

Since then the contraband list has been extended still further in disregard of the Declaration of London.

It is understood that the initiative thus taken by Great Britain has been followed by her allies. It is accordingly idle to assert that the Declaration of London, so contemptuously treated by the allies, can be appealed to by them in justification of any course they may take in the present war or even that it can justly have any persuasive force in the ultimate determination of our right to purchase the interned ships. The question remains as it presented itself when Marcy, Cass, Evarts, and Fish boldly proclaimed our right to buy.

It is not to be understood that the other warring nations have treated the Declaration with any higher evidence of regard.

Whatever force may be given to it by the English prize courts in any respect in which it runs counter to the law as they have heretofore evolved it, neither Great Britain nor her allies can rely on it in diplomatic negotiations with our Government, nor can she make any persuasive appeal to its provisions before any arbitral tribunal to which any international controversy may be referred.

IF IT IS, DOES IT FORBID PURCHASES OF BELLIGERENT SHIPS?

But assuming it to have some virtue, let its provisions be examined.

Rule 56, covering the subject of a transfer effected after the outbreak of hostilities, is as follows:

The transfer of an enemy vessel to a neutral flag effected after the outbreak of hostilities is void unless it is proved that such transfer was not made in order to evade the consequences to which an enemy vessel, as such, is exposed.

There, however, is an absolute presumption that a transfer is void—

(1) If the transfer has been made during a voyage or in a blockaded port.

(2) If a right to repurchase or recover the vessel is reserved to the vendor.

(3) If the requirements of the municipal law governing the right to fly the flag under which the vessel is sailing have not been fulfilled.

It is the view of the distinguished Senator from New York that this means that an effective sale can not be made of a vessel of a belligerent nation after the outbreak of hostilities if she is in a port from which she does not leave for fear of capture.

This astounding doctrine will be received by the American people with feelings of painful surprise. If it were asserted by almost anyone in America but the Senator it would have been scouted as impossible. His views will be read by no one with more astonishment than by the representatives to the Confer-

ence from Great Britain, who, in their report to Lord Grey, after reviewing the provisions of article 56, declared that its provisions "are practically in accord with the rules hitherto enforced by British prize courts." As the entire paragraph of the report is illuminating I read it, as follows:

The provisions respecting transfers made during a war are less complicated. The general rule is that such transfers are considered void unless it be proved that they were not made with a view to evade the consequences which the retention of enemy nationality during war would entail. This is only another way of stating the principle already explained that transfers effected after the outbreak of hostilities are good if made bona fide, but that it is for the owners of the vessels transferred to prove such bona fides. In certain circumstances, specified in the second paragraph of article 56, mala fides is presumed without possibility of rebuttal. The provisions under this head are practically in accord with the rules hitherto enforced by British prize courts. (54 Sessional Papers (1909), 100.)

This contemporaneous exposition by her representatives would have bound Great Britain in any controversy with our Government past all hope of escape but for the speech to which the Senate listened in some awe on Monday last. Possibly our cousins may be disposed to make some allowance on account of words spoken in debate into which, on the testimony of the Senator, partisan politics had been allowed to enter and to feel that he himself was not exempt from the infection against which he declaimed.

It will be quite pertinent to remark when the subject is officially canvassed that if it be true that such a revolution was effected by article 56 of the Declaration of London in the rules of international law touching the subject with which it deals as they had been understood, taught, proclaimed, defended, and enforced in America, Secretary Root would never have been so derelict in his duty as not to have communicated the fact to the Senate in transmitting to it the work of the conference for ratification. Indeed, it is unbelievable that he would have permitted the American delegates, who acted under his direction, as it is reasonable to suppose, and as he tells us in his powerful address, to give their assent to the surrender of a right which their country had so long and so resolutely upheld. It is incredible that in making their report our representatives would have omitted to apprise the country that they had been moved to make so vital a concession had they believed or understood they had done so, as it is impossible to believe that they would have remained silent when the question of the adoption of article 56 was before the conference had they conceived it reasonable to give to it the interpretation to which it is now insisted it is subject. They entered a solemn protest against language proposed at one time, if not that eventually adopted, touching transfers before the commencement of hostilities, as will appear from the papers transmitted to the Senate with the treaty, but apparently no word was heard from them by way of complaint concerning the language of article 56.

Some comments made by one of the German representatives during the course of the debate before the Conference were appealed to by the Senator from New York in support of his contention concerning the significance of the language of article 56, but it is sufficient to remark concerning the same that it has been repeatedly declared by our Supreme Court that debates before a parliamentary body afford no safe guide to the interpretation of a statute and are generally to be disregarded. And the rule is the same in England. In *United States v. Trans-Missouri Freight Association* (166 U. S., 290) the court said:

There is a general acquiescence in the doctrine that debates in Congress are not appropriate sources of information from which to discover the meaning of the language of a statute passed by that body. *United States v. Union Pacific Railroad Co.* (91 U. S., 72, 79); *Aldridge v. Williams* (3 How., 9, 24; Taney, Chief Justice); *Mitchell v. Great Works Milling & Manufacturing Co.* (2 Story, 648, 653); *Queen v. Hertford College* (3 Q. B. D., 693, 707).

The reason is that it is impossible to determine with certainty what construction was put upon an act by the members of a legislative body that passed it by resorting to the speeches of individual members thereof. Those who did not speak may not have agreed with those who did, and those who spoke might differ from each other, the result being that the only proper way to construe a legislative act is from the language used in the act and, upon occasion, by a resort to the history of the times when it was passed.

The doctrine of that case was reasserted in *Maxwell v. Dow* (176 U. S. 581), in which the court said:

What individual Senators or Representatives may have urged in debate in regard to the meaning to be given to a proposed constitutional amendment or bill or resolution does not furnish a firm ground for its proper construction, nor is it important as explanatory of the grounds upon which the Members voted in adopting it.

Nor is much aid to be gained from the meager reference to the action of the Italian Government since the London conference in condemning certain vessels carrying the Greek flag upon transfers from subjects of Turkey then at war with Italy. It is quite possible that the transfers were found to be colorable only—indeed, the report is equally consistent with either theory of the import of the language of the Declaration of London,

that first propounded by the Senator from New York, five years after the conference adjourned, and that announced by the representatives of Great Britain immediately upon the completion of its work. The declaration bears date February 26, 1909. Three days thereafter, on March 1, 1909, the British delegates made the report telling that the conference had adopted practically the rules of the English prize courts on the subject of the transfer of the flag of a belligerent.

The conclusion which they drew from the language used is plainly justified. If the owner of a ship, idle at its wharf or swinging at anchor in neutral waters because he fears capture, should she venture out, should cause a transfer of his vessel to be made to a neutral and register her under the flag to which the latter owes allegiance, the whole procedure being but a form without an actual and complete divestiture of the title or beneficial interest, the conclusion would follow, should she then undertake a voyage, that the transfer was effected "in order to evade the consequences to which an enemy vessel, as such, is exposed." His property, were the ship immune, is worth just as much as she was before. But he does not care to subject his ship to the risk of "the consequences to which an enemy vessel, as such, is exposed," namely, to capture. He prefers to allow her to remain idle where she is until the war is over. Then he may sail her again to any port. Another, similarly situated, reasons with himself that it would be wiser to sell, even at a very greatly reduced price, even at a substantial loss, reckoning that by the end of the war the money he receives, judiciously invested, will amount to more than the value the ship will then have. He sells, not to "evade the consequences to which an enemy vessel, as such, is exposed," not to get profits out of her while she sails under a false flag, but to realize upon an unproductive piece of property, the care of which is a constant expense to him. Indeed, it is conceivable that the burden of expense is so great that he may be forced to sell. Should claims accumulate past his ability to pay and the ship be sold upon a libel or in bankruptcy, would it be contended that the transfer had been made "in order to evade the consequences to which an enemy vessel, as such, is exposed"? In the recital of the facts in the case of the *Baltica*, Spinks, 265, in the opinion by Dr. Lushington occurs the following:

It appeared to Mr. Sorensen, the elder, and to other merchants at Libau, owners of vessels under the Russian flag, that, as war between Great Britain and Russia was probable, the preponderance of the naval forces of Great Britain was such as would seriously embarrass, if not wholly prevent, the profitable employment of vessels sailing under the Russian flag, and that, therefore, it was expedient to sell their vessels, though at a considerable sacrifice. Actuated by these considerations, Mr. Sorensen, sr., framed a plan for the transfer of his property.

It was found that Sorensen did not transfer in order to evade the consequences to which his ships would be subject, namely, capture, but because the ship in his hands would be profitless during the war. He concluded to sell, even at a sacrifice.

It is conceded that under the Declaration of London a transfer by descent would warrant a change of flag, because the owner would have died, it is assumed, though the war had never begun. And yet such an assumption may be unfounded. Men have died from grief and from anxiety induced by staggering business reverses. May not a shipowner, anticipating his speedy death, give his ship to his son, who will inherit it, anyway? And if he may give it to his son, may he not, as Sorensen did, sell it to him at an advantageous price? If the son may inherit the ship and sail it under the flag of his country, being neutral, may not his father bequeath it to him? If the father may dispose of the ship by will, how shall he be denied the right to transfer the title by a sale?

NO DANGER OF INTERNATIONAL COMPLICATIONS.

It is idle, however, to delude ourselves into the notion, at least since the Senator from New York has spoken, that the question is one free from doubt or that our right to purchase the ships of the belligerents is not likely to be questioned. It is understood that an intimation has already come to the State Department from some source that the acquisition of any of the so-called interned ships would be regarded as "apparently unlawful." But what of it? Are we to abandon our historic attitude upon this question simply because some or all of the warring nations may exhibit some disposition to dispute it? Are we to decline to put the question to the test or discourage or withhold our approbation from any of our venturesome citizens who may be disposed to do so merely because of a vague apprehension that war may come from the temperate but determined assertion of our rights? Heretofore, without exception, the responsible officers of our Government have braved the enmity of powerful belligerents and openly counseled our people to take advantage of the opportunities afforded by a state of war to acquire ships to swell the volume of our merchant marine. We never got into trouble about it. In the case of the *St.*

Harlampy, referred to by Mr. Marcy in the letter which has been quoted, a confidential note had been sent by the French minister of foreign affairs calling attention to the purchase of the ship theretofore the property of Russian subjects by certain Boston merchants, and conveying a warning that the vessel would be liable to seizure by French cruisers. Neither our Government nor the Boston merchants hesitated. No French cruiser, apparently, sought her out. It may be that she escaped, because the war came to a speedy close. But suppose she had been captured; what reason is there to suppose that such an incident would have involved us in war with France? It would not be the first time that a ship bearing our flag had been condemned as prize by a belligerent with which we were at peace. Though no ships carrying our flag have been seized during the present war, millions of dollars' worth of other property has been upon the claim that under the rules of international law it is subject to confiscation. The addition of a ship or two or 20 ships would scarcely aggravate the situation.

If the *St. Harlampy* had been seized by French cruisers, our Government would have protested and, because of the vast importance to our interests as well as those of the nations whose ordinary condition is that of peace, not war, would have attempted to impress upon the French prize court its views of the rule of international law applicable to the case. If it failed, and redress were not obtained through diplomatic channels, it would doubtless have demanded that the controversy be arbitrated. France could not, conceivably, have refused. Before the arbitral tribunal the controverted legal question would have been fought out and a service to the civilized world would have been rendered in securing from it an authoritative declaration of the law upon the disputed point.

OUR RIGHT OUGHT TO BE TESTED.

Such will undoubtedly be the general course that will be pursued should the *Dacia* be captured. There is no reason why even the most timid should look with alarm upon her eventful trip. Unfortunately the question of the bona fides of the sale to one of our citizens asserting title to her is involved. It may be that the court will find that the alleged sale is fictitious and that the Hamburg-American Line still, in fact, owns the ship or retains an interest in her or holds a contract for her repurchase after the war. In that case the question of the true construction of article 56 of the Declaration of London will never arise. In the fact feature of the case our Government has no interest; but assuming the proof to be indubitable upon that point, the controversy is narrowed to one involving legal propositions only over which individuals rarely come to blows or nations go to war. Indeed, recent treaties negotiated with all of the belligerents require us as well as them to submit the question in difference to arbitration. In view of the community of interest which obtains between our country and the other nations, from which the arbitrators must be selected, there is no ground for apprehension that the question will be considered by them in any attitude of hostility to our contention. We can not afford to forfeit forever the right to buy freely from belligerents property of any character without a struggle. We have paid dearly for our maintenance of this right in the past. We did not wince when it was invoked against us.

Mr. SMITH of Michigan. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Michigan?

Mr. WALSH. I do.

Mr. SMITH of Michigan. Before the Senator leaves the incident of the *Dacia*—he has dwelt with a great deal of emphasis and interest upon the question of bona fides, and evidently his argument as to our right turns largely upon that point—

Mr. WALSH. Not at all.

Mr. SMITH of Michigan. Well, I do not wish to quarrel with the Senator about that point. It is evidently a very important factor in the transfer from a belligerent flag to a neutral flag, and I am impressed that the question of bona fides is very important; and I desire to say that in the case of the *Dacia*, which was purchased by Mr. Breitung, prima facie he is entitled to the presumption that his purchase is bona fide and that it is not part of any ulterior arrangement that has been made with the former owners of that ship.

I know Mr. Breitung very well. Some Senators here to-day remember his father, who was an honored Member of Congress from Michigan for a number of years, a very wealthy man, a typical frontiersman, a man of courage and patriotism, and the highest conception of good citizenship. That his son should have purchased this ship out of his own abundant means and placed it in service does not surprise me and will not surprise any of those who have the privilege and honor of knowing him; and I have no doubt whatever that the entire transaction,

which has attracted the attention of the country, is in absolute good faith. I have seen no reference to Mr. Breitung that was especially meant as a criticism, but I felt, after listening to what the honorable Senator from Montana has said upon the rights of American citizens, that it would be appropriate for me to at least give expression to this thought.

Mr. WALSH. Mr. President, I am indeed delighted that the Senator from Michigan has given the Senate the assurance which his words convey. I myself have no cause to doubt in any way the bona fides of the transfer of the *Dacia*. I trust that Mr. Breitung will be able to establish that fact so conclusively that the case will present no question of disputed facts whatever. Then there will arise the sole question of law, in the determination of which this Nation has a most vital interest.

Our great merchant marine faded away during the dark days of the Civil War, when, according to Marvin, "Confederate cruisers compelled American merchants to choose between laying their ships up in port to rot away or selling at a half to a quarter of their cost to foreigners." This author adds that "in the one year 1864, beneath this extraordinary pressure, more American ships were disposed of to foreign owners than had been sold in all the years between 1854 and 1860." The figures are eloquent. During the four years from 1862 to 1865, inclusive, we sold to aliens 774,652 tons. During the four years embracing two before that period and two after, we sold but 75,372 tons, about one-tenth as many ships. The following table tells the story.

| American ships sold to aliens, 1860-1867. | | Tons. |
|---|-------|---------|
| 1860 | ----- | 17,518 |
| 1861 | ----- | 26,649 |
| 1862 | ----- | 117,756 |
| 1863 | ----- | 222,199 |
| 1864 | ----- | 300,865 |
| 1865 | ----- | 133,832 |
| 1866 | ----- | 22,117 |
| 1867 | ----- | 9,088 |

As these were mostly sailing vessels, averaging possibly 1,000 tons each, more than 600 ships went to foreign registry on account of the war. If they had been liable to seizure by the Confederate cruisers, notwithstanding the transfer, they would never have been sold. We lost our merchant marine because when we were at war other nations at peace with us could buy them. It is now asserted that by some brilliant feat of diplomacy we are deprived of the right to buy their ships when they are at war.

Mr. President, I welcome the opportunity to try out this question. The owner of the *Dacia* will have earned the gratitude of his countrymen if he shall persevere in his insistence upon the principle of the right of neutrals to buy in good faith the ships of belligerents, until that question shall be finally and authoritatively resolved. He ought not to be required to bear all the risk and expense of the test. If he shall succeed in establishing that principle, the Nation as a whole will be the rich gainer. If the test came upon the seizure of a ship purchased under the authority of the bill now being considered, the case would be presented in the best possible aspect, because in that event no question could be raised concerning the bona fides of the transfer, using the term as having the significance it ordinarily bears. It would be inconceivable that either the shipping board or the corporation which it is to bring into being would lend itself to a fraudulent scheme to enable belligerents to sail their ships under the American flag "in order to evade the consequences to which an enemy vessel, as such, is exposed." No prize court or diplomatic authority would entertain the idea. The cause would be open to contest on the law alone.

Indeed, the very groundwork of the French rule would be swept away in such a controversy. The only justification ever offered for it is that under any other fraudulent transfers would be made with intent to escape capture. The idea that a nation at war has some vested right to capture as its prey all the ships owned by its enemy at the outbreak of hostilities has never before been avowed.

In the case of a purchase by a friendly power the imputation of connivance would be impossible. France would scarcely suggest the possibility of such a thing in the case of a purchase by the United States, so while she might be disposed to insist upon her "ancient theory," so far as private purchasers are concerned, she would be put to severe straits to justify the rule in the case of a purchase made by our Government. Where the reason for a rule of law ceases, the rule itself ceases.

SHIPS ACQUIRED WILL NOT BE EXEMPT FROM ORDINARY LEGAL PROCEEDINGS.

But it is advanced that ships owned by the corporation, for the creation of which the bill makes provision, would not be subject to seizure as prize, nor could they be called upon to re-

spond in an alien court of admiralty on account of a collision or other act or omission for which a privately owned ship might be held, and that because of that condition, unnamed and undefined perils which the imagination is left to picture, must be encountered if the plan proposed is pursued.

In this connection the case of the *Parlement Belge* is repeatedly referred to. That case applied the well-known rule that a sovereign can not be made subject to suit except at his own will. The craft in question was owned by the Belgian Government, engaged in carrying the mail across the channel. Incidentally it carried small packages of freight, for which a charge was made. It collided on one of its trips with another vessel and was brought before the admiralty court upon a libel, under which it was charged with responsibility for the damage done. Under the maritime law the claim, if established, would constitute a lien upon the offending ship, which would become subject to sale for the payment of the amount found due. The proceeding was *in rem* against the ship. It was held that she was immune from prosecution because of the nature of her owner and the character of the business in which she was engaged. In the opinion much was said on the question of the immunity of ships of war and other Government vessels, foreign and domestic, but the decision releasing the vessel was placed upon the ground that she was not primarily in trade, but was engaged in the discharge of a strictly governmental function. The court having said, after reviewing at great length the arguments and authorities—

In the present case the ship has been mainly used for the purpose of carrying the mails, and only subserviently to that main object for the purposes of trade—

expressed its conclusion in one brief sentence, as follows:

We are of the opinion that the mere fact of the ship being used subordinately and partially for trading purposes does not take away the general immunity.

Another case determined in the year 1873 by the High Court of Admiralty is much more in point in the present inquiry, namely, the *Charkieh* (42 L. J. R., N. S., 17). From the syllabus the essential facts and conclusions can be gathered. I read from it the following:

The *C.*, belonging to the Khedive of Egypt and usually employed in carrying mail and passengers, came to England with merchandise and for repairs. Having completed her repairs, and while on a trial trip down the Thames, she came into collision with *B. Held*, that even the privileges of a sovereign prince would not extend to immunity from arrest in a suit for damages by collision; that if the privileges did extend to such an immunity they would have been waived in this case by the employment of the ship at the time as a trader. Proceedings *in rem* may in some cases be instituted without any violation of international law, though the owner of the res be in the category of persons privileged from personal suit.

Other propositions determined but unimportant here are passed. The vessel in question was one of quite a fleet held in the same ownership. The good sense of the conclusions arrived at, as heretofore indicated, will be apparent from the following from the opinion:

I must say that if ever there was a case in which the alleged sovereign—to use the language of Bynkershoek—was "strenue mercatorem agens," or in which, as Lord Stowell says, he ought to "traffic on the common principles that other traders traffic," it is the present case; and if ever a privileged person can waive his privilege by his conduct, the privilege has been waived in this case.

It was not denied and could not be denied after the evidence that the vessel was employed for the ordinary purposes of trading.

She belongs to what may be called a commercial fleet. I do not stop to consider the point of her carrying the mails, for that was practically abandoned by counsel. She enters an English port, and is treated in every material respect by the authorities as an ordinary merchantman, with the full consent of her master; and at the time of the collision she is chartered to a British subject and advertised as an ordinary commercial vessel. No principle of international law and no decided case and no dictum of jurists of which I am aware has gone so far as to authorize a sovereign prince to assume the character of a trader when it is for his benefit, and when he incurs an obligation to a private subject to throw off, if I may so speak, his disguise and appear as a sovereign, claiming for his own benefit and to the injury of a private person, for the first time, all the attributes of his character; while it would be easy to accumulate authorities for the contrary position. (See especially Klüber, Europe. Völkerrecht, sec. 210. Klüber Droit des gens Modernes de l'Europe, nouvelle édition, par M. A. Ott, Paris, 1861, pp. 273, 274, and authorities cited in the note.)

After reviewing at length the opinion in this case, it was distinguished in the opinion in the case of the *Parlement Belge*, as indicated from extracts quoted therefrom.

That a sovereign may himself become a suitor in an alien court is indisputable. That he may waive his privilege and consent to be sued is equally without question. The case to which reference was last made asserts that by becoming a trader he necessarily consents to be sued, since no one can attribute to a sovereign a purpose, when he once engages in ordinary business transactions, to shield himself behind the privilege from responsibility in the ordinary courts upon the contracts he makes or from the liabilities he incurs in the prosecution of trade. But if he should exhibit any such disposition he would not escape accountability, since the privilege he enjoys, as was declared by,

the Supreme Court of the United States in the *Santissima Trinidad* (7 Wheat., 352), he enjoys solely as a matter of comity. It may be withdrawn at any time.

The privilege—

The court said in that case—

stands upon principles of public comity and convenience, and arises from the presumed consent or license of nations, that foreign public ships coming into their ports and demeaning themselves according to law and in a friendly manner shall be exempt from the local jurisdiction. But as such consent and license is implied only from the general usage of nations, it may be withdrawn upon notice at any time, without just offense; and if afterwards such public ships come into our ports, they are amenable to our laws in the same manner as other vessels.

But that a sovereign state may waive its privilege no one disputes, and that it necessarily waives it as to any ship which it puts into general commerce is a most reasonable presumption. In the present instance, in which the Government puts the title to the ships in a corporation, a citizen which it creates to engage in trade, its purpose to waive any rights it may have as a sovereign state with respect to the property of the corporation can not be open to doubt.

The proposition was long ago determined by the Supreme Court in the case of *The Bank of the United States against The Planters' Bank of Georgia*, Ninth Wheaton, page 904. Were it not that concern may be felt in some quarters because of the high authority from which comes the suggestion that the corporation contemplated by the bill will have the attributes of sovereignty which inhere in the United States so far as to exempt it from suits, it would be inexcusable to detain the Senate by reading from the opinion in that case. Among the stockholders of the defendant bank was the State of Georgia, which was likewise one of its incorporators. It was urged that the corporation was not subject to suit in the Federal courts. This contention was disposed of in the following language:

It is, we think, a sound principle that when a Government becomes a partner in any trading company it divests itself, so far as concerns the transaction of that company, of its sovereign character and takes that of a private citizen.

Mr. FLETCHER. Mr. President, may I interrupt the Senator at that point to call especial attention to the proposition he has laid down?

Mr. WALSH. Certainly.

Mr. FLETCHER. The bill specifically provides that these vessels shall be—

Subject to all laws, regulations, and liabilities governing merchant vessels, in like manner and to the same extent as merchant vessels in private ownership when duly registered under the laws of the United States.

Mr. WALSH. That is the next step at which I was arriving.

Instead of communicating to the company its privileges and its prerogatives, it descends to a level with those with whom it associates itself, and takes the character which belongs to its associates and to the business which is to be transacted. Thus many States of this Union who have an interest in banks are not suable even in their own courts, yet they never exempt the corporation from being sued. The State of Georgia, by giving to the bank that capacity to sue and be sued, voluntarily strips itself of its sovereign character, so far as respects the transactions of the bank, and waives all the privileges of that character. As a member of a corporation a Government never exercises its sovereignty. It acts merely as a corporation and exercises no other power in the management of the affairs of the corporation than are expressly given by the incorporating act.

The Government of the Union held shares in the old Bank of the United States, but the privileges of the Government were not imparted by that circumstance to the bank. The United States was not a party to suits brought by or against the bank in the sense of the Constitution. So with respect to the present bank. Suits brought by or against it are not understood to be brought by or against the United States. The Government, by becoming a corporator, lays down its sovereignty, so far as respects the transactions of the corporation, and exercises no power or privilege which is not derived from the charter.

To make assurance doubly sure the bill expressly provides, as mentioned by the chairman, that the ships—

Shall, when and while employed solely as merchant vessels, be in all respects subject to the rules, regulations, and liabilities governing merchant vessels, in like manner and to the same extent as merchant vessels in private ownership when duly registered under the laws of the United States.

The ships to be acquired will, accordingly, be amenable in any court in any country under circumstances which would subject merchant ships held in private ownership to their jurisdiction. They may be seized if they carry contraband and divested of it. They may themselves be haled before a prize court that their right to fly the American flag may be inquired into. In short, they will be subject to just such treatment by foreign powers as merchant ships must undergo under the rules of international law. There will, accordingly, be no more risk of international complications than are likely to arise in connection with ships held in private ownership. Indeed, there will not be so much, for the latter may lend themselves to efforts clandestinely to introduce contraband into a belligerent country. The Government-owned ship will scarcely be subject to the suspicion of such conduct.

There may be valid arguments against the pending bill founded upon considerations of domestic policy. There are no evils attendant upon it, assuming it becomes a law, so far as our foreign relations are concerned, that have thus far been pointed out even if the shipping board should conclude to test, by the purchase of one or more of the belligerent ships in our ports, the question as to whether the Declaration of London has forever foreclosed us from further maintaining our historic attitude concerning the rights of neutrals to purchase the vessels of nations at war.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Nebraska?

Mr. WALSH. I do.

Mr. NORRIS. I wish to ask the Senator one or two questions in regard to the London declaration. I understand the Senator has about concluded, so I assume he is not going to discuss the proposition any further.

Mr. WALSH. I have concluded.

Mr. NORRIS. I perhaps should have asked the questions earlier in the Senator's discourse, but I was not aware just when he was going to conclude that particular branch of the subject.

As I understand, the British Government, while not formally adopting or approving the London conference, has by proclamation, as the Senator has so well described, announced its intention to follow the London conference except wherein it had—

Mr. WALSH. Except in those particulars in which it does not like them.

Mr. NORRIS. In those particulars to which it has called attention in the declaration. Is not that true?

Mr. WALSH. It is.

Mr. NORRIS. Then, as I understand, as far as the present hostilities are concerned, Great Britain has approved the London conference, with the exception of the particular notations mentioned in the several proclamations?

Mr. WALSH. The Senator may be a little confused about that. The declaration itself provides the method by which the various contracting nations may signify their adherence to it. Great Britain has not pursued that course at all.

Mr. NORRIS. No; I understand.

Mr. WALSH. And she, in her proclamation at the outset of the war, simply referred to the declaration of London for the purpose of brevity. Instead of setting out at length the rules which she would have her navy and her courts observe during the conduct of the war, she practically said, "They will be guided by the provisions of the declaration of London except in the following particulars."

Mr. NORRIS. I understand that England takes the position that as far as the present war is concerned her vessels and her officers are in fact instructed to carry out the declaration of the London conference excepting in the respects noted. Now, in any of those exceptions did England make any modification whatever of article 56, the one relating to the transfer of vessels after the beginning of hostilities?

Mr. WALSH. No; there is no specific reference to it, and no exception.

Mr. NORRIS. Then, as I understand, England will take the position or has taken the position that during the present war article 56 of that declaration is in full force and effect?

Mr. WALSH. Of course, when the Senator says "England," we do not get a very clear idea. England, like our own country, has different departments to her Government. She has an executive department, a legislative department, and a judicial department. This is an order in council, and it commands the courts to observe it.

Mr. NORRIS. It has the effect of a law; has it not?

Mr. WALSH. I do not know. The executive officers, the commanders of the navy, will of course be obliged to observe the directions that are given to them. Whether or not the prize court will be obliged to apply the rule of law which the admiralty believe ought to be applied—that is, the rule of the declaration of London—I am not prepared to say.

Mr. NORRIS. That was the next question I was going to ask the Senator. Since he has already answered it as far as his information goes, I shall not repeat it. Now I want to ask the Senator what action did Germany and France take?

Mr. WALSH. Let me continue, however, in answer to the question of the Senator. It is a matter of no consequence to us at all what rule of law the English prize court by the command of the executive authority may see fit to apply. We would like of course to have them take the view that the declaration of London is not binding upon them at all, and that their ancient rule of law ought to be applied. If they should decline

to do that that would not be the end of the matter by any means.

Mr. NORRIS. No; not necessarily.

Mr. WALSH. We would then demand redress through the diplomatic channels, and if redress was denied us through the diplomatic channels we would then demand that the question be submitted to arbitration.

Mr. NORRIS. Now, assuming—

Mr. WALSH. And our treaty would entitle us—

Mr. NORRIS. To arbitration.

Mr. WALSH. To arbitration.

Mr. NORRIS. Yes; I think so; but let us assume, for the sake of argument, that the prize court would follow the order made by the Government, which it seems to me is but a fair assumption, because I do not myself doubt but what they would; then, if they did that, the diplomatic channels would fail to bring about a settlement without any doubt, would they not?

Mr. WALSH. I do not think so at all.

Mr. NORRIS. I do not mean that they would refuse to arbitrate. I mean that the diplomatic officials of Great Britain—

Mr. WALSH. I understand.

Mr. NORRIS. Would certainly stand by the judgment of her own prize court.

Mr. WALSH. I understand the Senator fully. I do not think it follows by any means at all, because when the English representatives are brought face to face with the problem, and it is a question of a straight abandonment of the principle for which they themselves have been contending for a century and a quarter, and which during all that time has been regarded as consistent with their highest interests, I am not quite sure that they will not think again about it.

Furthermore, let me say to the Senator that I am not quite sure that by that time they may not reach the conclusion that it would be very much better to let us buy these German ships and add them to our mercantile marine than to have them go back to Germany after the war.

Mr. NORRIS. That may be. Of course that is outside of the question.

Mr. WALSH. Of course the Senator—

Mr. NORRIS. That is not involved in the question of law.

Mr. WALSH. The Senator is asking me whether it is not a matter of course that we shall have no redress at all through diplomatic channels. I do not consider it hopeless at all.

Mr. NORRIS. Is it not true that this same authority in Great Britain which has approved the London declaration, with the exceptions noted, is the authority that in the years that are past has outlined the course of England; in other words, the same authority of Great Britain that has mapped their course out in the past has now approved article 56 of the London conference.

Mr. WALSH. Yes; but I beg to remind—

Mr. NORRIS. That ought to have and it would have just as great authority as their prior law, would it not?

Mr. WALSH. Undoubtedly; and I beg to remind the Senator that those same authorities have changed their minds several times since the war began.

Mr. NORRIS. Exactly.

Mr. WALSH. At the time the war began the declaration of London in its entirety was entirely satisfactory to them. After a little while they concluded that they did not like it as well and they changed it; and after a time they concluded that there were some other things about it that they did not like and they made another change, and they may conclude there are still other things, provisions of it which should not be observed, including article 56.

Mr. NORRIS. And they may change it again. That is true, I suppose. There is no one who doubts their authority to change their position.

Mr. WALSH. I am speaking about the possibility of their doing it.

Mr. NORRIS. They may do it or they may not. Of course the Senator assumes that they will not. I want to ask the Senator what action Germany and France took in regard to the London declaration?

Mr. WALSH. The ratifications have not been exchanged.

Mr. NORRIS. I understand that is true; but is it not true that both Great Britain and France have approved the declaration of London?

Mr. WALSH. I stated in the course of my remarks that the allies of Great Britain had issued proclamations substantially the same as these I have read.

Mr. NORRIS. Then if a ship is transferred or alleged to have been transferred in violation of article 56 and is taken by the German Navy or by the French Navy, it would be taken into a prize court of the country and be passed upon according

to the law of the particular country where the prize court was located, would it not?

Mr. WALSH. Of course, with the right on our part—

Mr. NORRIS. Oh, yes.

Mr. WALSH. To take it up through the diplomatic channels.

Mr. NORRIS. Our right would exist, I take it. Wherever any prize was captured it would be taken into the prize court of the country capturing the prize, and I believe it would be conceded as a matter of international law, would it not? that every country would have the right and does have the right to enact such laws as she sees fit regarding its prizes or regarding the prizes or regarding the articles of war that may be in force during any controversy.

Mr. WALSH. I assume so, any proper legislative authority undoubtedly.

Mr. NORRIS. So these matters would be settled, if these ships were taken as a prize, not according to our idea of what ought to be the law, but according to the law in the country where they were taken, construed by the officials of that country?

Mr. WALSH. Temporarily, as a matter of course. That was so in the case in 1856 when France was threatening to seize any ships we bought from Russia. If the *St. Harlampy*, for instance, had been seized by a French cruiser, she would have been brought into a French port and would have been brought before a French prize court. We would have undoubtedly gone before that court and attempted to induce the French court to take our view of what the international law is. If she failed to observe our suggestions in the matter, we would take it up diplomatically.

The following is printed as an appendix to Mr. WALSH's remarks:

CHANGE OF FLAG.

[Translated from proceedings of the International Naval Conference, held in London December, 1908-February, 1909 (Cd. 4555). A. Bernard, translator. January 23, 1914.]

Views expressed in the memoranda of the various powers:

GERMANY.

ART. 3. The neutral or enemy character of a merchant vessel is determined by the flag it carries. A vessel carrying a neutral flag may nevertheless be treated as the vessel of the enemy:

1. If it carries the enemy's flag up to the outbreak of the hostilities or within two weeks immediately preceding.

UNITED STATES OF AMERICA.

(Nothing.)

AUSTRIA-HUNGARY.

(G) According to the custom of nearly all nations, the sale of an enemy vessel made during a voyage, and after hostilities have broken out, can not prevent the capture of the said ship, which continues under the present circumstances to be regarded as an enemy.

(The ancient French theory under which enemy vessels could not from the outbreak of hostilities change their nationality—that is to say, lose their status as enemy vessels—implies an undue restriction of neutral commerce, as such commerce must in principle remain free, even in time of war. France itself, furthermore, derogated from this theory in 1870.)

Paragraph 26 of the proposed regulations relating to prizes adopted by the Institute of International Law in its meeting at Turin, seems to contain a solution of the question quite satisfactory, as it takes into account the interests of both belligerents and neutrals.

This paragraph reads as follows:

"The deed establishing the sale of the hostile ship made during war must be perfect, and the ship must be registered in conformity with the laws of the country the nationality of which it acquires prior to clearing port. The new nationality can not be acquired by means of a sale in the course of the voyage."

Nothing, furthermore, prevents the adoption of supplementary guaranties against the legitimate interests of a belligerent being injured by fictitious sales made by the citizens of the other belligerent.

SPAIN.

(G) The Government of His Catholic Majesty deems acceptable the rules suggested by the cabinet of London in paragraph 7 of its memorandum. When the change of flag of a ship corresponds to an actual transfer of ownership or to other reasons of a private nature its validity will be recognized, but if it is impelled by a desire to avoid by fraud the risks which nowadays exist for private hostile property in case of maritime war, it must be deemed a nullity.

FRANCE.

(G) The change of nationality of merchant ships made subsequently to the declaration of war is null and void. The transfer prior to the declaration of war when regularly made is valid. The dates of the transfer under a neutral flag prior to the declaration of war must be established by authentic documents to be found on board, and the transfer must have been finally registered before the proper authorities.

The act of naturalization granted by a neutral Government to the owner of a ship subsequently to the declaration of war must be held in suspicion. It is necessary in this case to act according to circumstances and other information, especially according to where the ship was built, the composition of its crew, the compliance with national provisions imposed upon the flag flown.

GREAT BRITAIN.

1. The transfer either by sale or by gift to a neutral of a hostile ship other than a war vessel is not made invalid merely by reason of the fact that it took place during or in anticipation of hostilities.

2. Such transfer, however, is not valid—

(a) If it takes place in a blockaded port.

(b) If it takes place during a voyage. (In this respect a voyage is ended the moment the ship reaches the port where it can be effectively taken possession of by the transferee.)

(c) If the vendor retains any interest in the ship or if a clause stipulates the return thereof at the end of the war.

3. The burden of proof that the transfer is bona fide is upon the plaintiff, and the transfer must be complete, in good faith, and for an adequate price.

A ship transferred to a neutral flag is therefore still liable to condemnation by a prize court should the conditions of the transfer give rise to suspicion of which the plaintiff does not clear himself, as for instance—

(a) If no written evidence of the transfer is found on board at the time of the seizure.

(b) If the transferor has any control over the ship, a share in the profits, or the privilege of revoking the transfer.

(c) If the supposed transferee or his representative (the latter not being an enemy) has not taken possession.

(d) If the ship is subject to the control of an enemy.

(e) If the captain or person in command is in the service of an enemy.

ITALY.

(G) "No vessel may be granted the nationality arising from the sale of said vessel by a citizen of a country at war with another country which is at peace with the King's Government."

"The Secretary of the Navy, however, if the bona fide character of the sale is ascertained, shall have authority to confer Italian nationality upon the vessel." (Merchant Marine Code, art. 42.)

The conclusion to be drawn from this provision is that, according to Italian positive law, a sale of an enemy vessel to a neutral purchaser subsequently to the outbreak of hostilities is presumed to be fictitious and as such can not be recognized. Proof to the contrary, however, subject to very special guarantees, may be given.

The council on diplomatic litigations (conseil du contentieux diplomatique) held much the same view, declaring that the transfer of ownership of a vessel can not possibly be regarded as valid unless evidenced by the ship's papers, and that no consideration would be given to a sale which would not have been entered on the ship's papers on the ground that the vessel was on a voyage. It appears, however, from this opinion that proof of the genuineness and legality of the sale is admissible. (Cont. dipl., June 16, 1866, capture of the ship *Venezia*.)

JAPAN.

The transfer of ownership of a vessel during, or in anticipation of, war by the enemy State or by a citizen thereof to another person residing in the other belligerent State, or in its ally's territory, or in a neutral State, is only valid if sufficient proof of a complete and bona fide transfer is adduced.

When the ownership of a vessel is transferred while this vessel is engaged on a voyage, such transfer must not be regarded as complete and bona fide until after actual delivery.

NETHERLANDS.

VII. (1) The validity of the transfer of merchant vessels from the flag of a belligerent to the flag of a neutral during, or at the outbreak of, hostilities is recognized without any restrictions.

(2) A merchant vessel transferred from the flag of a belligerent to the flag of a neutral in a blockaded port or a blockaded coast is not entitled to the treatment of vessels flying a neutral flag.

RUSSIA.

VII. The belligerents can decline to acknowledge the neutral character of any merchant vessel purchased by neutral persons from an enemy State or from a citizen of the latter, unless the new owner can prove that the purchase was completed before he was aware of the outbreak of hostilities.

REMARKS.

The transfer of a vessel for the purpose of evading the consequences to which an enemy vessel, as such, is exposed is not admissible.

Most of the memoranda, in stating the law in force, have followed different methods in the interpretation and application of this common principle. As evidence is difficult in this matter, simple or conclusive presumptions, more or less justified, have been proposed, especially when the transfer takes place during hostilities. In such case conclusive presumption of nullity does not constitute, according to all the memoranda, a general rule except in the case of a transfer while on a voyage.

Prior to the outbreak of hostilities common practice tends to recognize the validity of the transfer whenever such transfer has regularly taken place; that is, when there is nothing fictitious or unlawful about it capable of arising suspicion.

35. A ship may not be transferred to a neutral flag to escape the consequences of its character as a vessel of the enemy.

36. A transfer before the outbreak of hostilities is valid if it occurred regularly; that is, if it is not brought under suspicion by any fictitious or irregular feature.

37. After the outbreak of hostilities there is a conclusive presumption of nullity in the case of a transfer made during a voyage.

Mr. THOMAS. Mr. President, on yesterday this Chamber was the scene of a most interesting performance. One of our oldest and most-respected Senators, the oldest in point of service in this body, stood the test of endurance upon his physical and mental faculties by speaking for seven long hours and without interruption. He completed his task and left the floor in good condition, and is this morning in his seat apparently as fresh and vigorous as ever, all of which justifies the hope that he will be with us for many years and possessed of all his physical and intellectual activities.

But, Mr. President, another feat was performed yesterday by another rugged old son of New England quite as remarkable, which, though not a deliberate one, should be embalmed in the columns of the CONGRESSIONAL RECORD and the incident thus preserved to posterity. Therefore I will read it, for it illustrates as graphically as the long address of the Senator the rugged sturdiness of New England manhood, where old age does not always dim nor custom stale man's infinite varieties.

I read from the New York World of to-day a special from Maine. It is headlined:

VETERAN STOOD ON HIS HEAD IN BARREL—THERE YET, PERHAPS, IF HIS GRANDSON HAD NOT FOUND A BLOCK AND TACKLE.

EAST KNOX, ME., January 27.

Maj. Simon Pratt, battle-scarred veteran of more bloody fields than any other Grand Army of the Republic man in Waldo County, who came home in 1864 with part of an ear clipped by a minie ball, two toes gone, and a thumb shot off, came near ending his eventful life in a most unsoldierly way yesterday.

Although he is 78 and weighs more than 200 pounds, Maj. Si is able to help some around the place. He reached into a barrel to set a hen that had nested in it and pitched in head first.

His grandson, Lafayette Marden, 13 years, and Lafayette's chum, Roscoe D. Clewley, were not strong enough to get the major out, but Lafayette saw a block and tackle and put a clove hitch around his grandfather's ankles, and they finally hoisted him out.

Posterity, of course, must determine, Mr. President, which of these two feats was the greater. In my judgment the palm should be awarded to the sturdy son of Maine, for his grandson rescued him from his barrel and restored him to the arms of his anxious family. He seems therefore to be "out of the woods."

Mr. SMOOT. Mr. President, I suggest the absence of a quorum. I should have done it before the Senator read that most interesting article, but I now suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JAMES in the chair). The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

| | | | |
|-------------|----------------|--------------|--------------|
| Ashurst | Hughes | Oliver | Smith, Mich. |
| Borah | James | Overman | Smoot |
| Brandegee | Johnson | Owen | Sterling |
| Bryan | Kenyon | Page | Stone |
| Chamberlain | Kern | Perkins | Swanson |
| Chilton | La Follette | Pittman | Thomas |
| Clapp | Lane | Pomerene | Thompson |
| Crawford | Lee, Md. | Ransdell | Thornton |
| Culberson | Lippitt | Robinson | Townsend |
| Cummins | Lodge | Root | Vardaman |
| Dillingham | McCumber | Saulsbury | Walsh |
| Fletcher | McLean | Sheppard | White |
| Gallinger | Martine, N. J. | Sherman | Williams |
| Gore | Nelson | Simmons | |
| Gronna | Norris | Smith, Ariz. | |
| Hollis | O'Gorman | Smith, Md. | |

Mr. OLIVER. My colleague [Mr. PENROSE] is unable to attend the sessions of the Senate for the present on account of illness.

The PRESIDING OFFICER. Sixty-one Senators have answered. A quorum is present.

Mr. STONE. Mr. President, I do not intend at this time to discuss the bill pending as the unfinished business. I may have something to say on it to-morrow when the Senate reassembles after a recess or an adjournment.

The really great speech delivered by the Senator from Montana [Mr. WALSH] this morning, masterful and instructive, I commend to the careful study of my Republican colleagues who have been complaining that Senators on this side do not or have not sufficiently discussed the bill. I regret that only a few of them were present to hear it. They have expressed great anxiety to hear some discussion from this side, and have complained bitterly at the small attendance of Senators. They were not here except in a limited way this morning. Hence I say I hope such of them as heard this great speech will personally ask their colleagues to give it prayerful attention by reading it and reading it in the RECORD, as it will appear in the RECORD.

Mr. President, it has been a source of surprise and regret that our Republican friends seem to have determined not only to oppose this measure to the bitter end, but to put themselves in an organized opposition to practically everything suggested or proposed by those who, being in a majority, are especially charged with the responsibilities of legislation and of the conduct of the Government, and that they carry this opposition not only to questions of domestic import but to international relations.

Senators on the other side have surprised us by the freedom with which they have criticized and even attacked the policies of the administration with respect to international affairs. Many Republican newspapers have done the same thing—fortunately not all of them—and by way of contrast to what is said upon the floor upon that side and what is said in Republican newspapers generally, I wish to have read into the RECORD an editorial appearing in one of the greatest Republican journals in the country, and one of the most potential organs of that party, the St. Louis Globe-Democrat. I think it pertinent that it be put in at this time, that it may go along with the letter sent by the Secretary of State to me a few days ago,

and which has been printed as a Senate document. I ask that it may be read.

The PRESIDING OFFICER. Is there objection?

Mr. SMITH of Michigan. Mr. President, I do not intend to object to the request—

Mr. STONE. I can read it if the Senator objects.

Mr. SMITH of Michigan. But I am going to ask a similar courtesy after the Senator has had his article read.

The PRESIDING OFFICER. The Chair hears no objection. The Secretary will read as requested.

The Secretary read as follows:

[From the St. Louis Globe-Democrat, Tuesday morning, January 26, 1915.]

TURNING ON THE LIGHT.

Secretary Bryan's letter to Senator STONE, written in answer to a communication received from the Senator in his capacity as chairman of the Senate Committee on Foreign Relations, ought to set at rest much of the useless and harmful agitation concerning assertion of neutral rights. It has not been possible at any time since the beginning of the war to find cause of just complaint of the course being taken by our Government. And the subject is one filled with so many difficulties which could easily become dangers threatening a continuance of our own peace that it has been impossible not to view with apprehension of its possible results a course of conduct tending, though not calculated, to raise and force complications which would end all our neutrality with a state of belligerency. The weight of public opinion has remained calm. That is the saving fact in the situation. But the noise and clamor raised by contending elements has been such as to create an artificial situation, and one which it is advisable should be met with an official statement of facts showing clearly the limitations within which we must act, and the action we have been taking within those limitations. The policy of maintaining secrecy in our foreign relations is not one upon which thus far the present administration can congratulate itself. We have seen enough of that in our Mexican affairs.

The Secretary of State is unequivocal in answering charges and objections made to the course of the department. Taking them up in detail, as they had been transmitted to him in Senator STONE's letter, he deals first and most directly with the contention that an unnecessary discrimination is made in sales made to the allies which are not made to the Germans and Austrians. He, of course, disposes of this readily, as anyone could, with citations of governing laws and customs under which the citizens of any neutral country are privileged to sell actual contraband to any belligerent at their own risk and that of the buyer of the goods being captured by other belligerents. The fact that the Germans and Austrians are not now in a position to make such captures in no way invalidates the neutral rights of sale. To prohibit such sales, even by an exercise of the undoubted right to lay an embargo, would, he plainly thinks, be more an abandonment than an assertion of neutral right. It would be possible to go further and say that the exercise of such a right and power would be so far an abandonment of neutrality as to be almost tantamount to a declaration of hostility against peoples in a position to make use of such facilities as our industries may afford them. When a firm or corporation finds itself boycotted by any body of citizens it does not, for that reason, cease making sales to other bodies of citizens who find a way of reaching it and are willing to do business with it. Such as are kept away through force of the boycott it would willingly trade with if it could, but so long as they, for any reason, are shut off from its activities, it is not expected to suspend trade relations with all others.

The Secretary shows in detail the misleading nature of all of the charges made. He shows how this Government, instead of allowing transport of British military supplies across its Alaskan territory, distinctly forbade such transporting. He cites the records to prove that in each case where, as alleged, our neutral rights have been invaded without protest, that protest was made. He establishes the fact that in every case of the seizure of Germans or Austrians aboard American ships the wrong has been righted after protest by the Government at Washington. He states that allied ships lying outside our harbors have been withdrawn after protest. He disposes effectually, we think, of charges about coaling at Panama. Many of the points of objection raised he shows to be covered in the note to Great Britain of December 26, answered by Sir Edward Grey, and which is now the basis of further negotiation. We congratulate him and the country upon a statement which will go far toward removing a source of irritation and danger. We do this the more readily because of the evidence the statement affords that our foreign relations are not such a sacrosanct thing that any large body of American citizens may not know their state at any time on any question.

Mr. LODGE. Mr. President, if the Senator will allow me, as he has the floor, I suppose—

Mr. STONE. I surrender it.

Mr. LODGE. I only want to say that I certainly have made no adverse criticism, and I think no one on this side has made any adverse comment on that letter of the Secretary of State. I thought when I read it that it was a most excellent letter and did the greatest credit to the Secretary. My chief objection to the bill now pending is that the proposition to buy belligerent ships goes directly contrary to the principles laid down in that excellent letter.

Mr. STONE. Mr. President, I did not say that Senators had criticized that letter. I said, and I repeat, that Senators on the other side, very able and distinguished Senators, have criticized and even assailed the administration with respect to its general foreign policy, and I had the editorial read merely for the purpose of showing that one Republican journal at least is commending the general policy of the administration.

Mr. SMITH of Michigan. Mr. President, lest the view of our friend from Missouri [Mr. STONE] should be taken as the unanimous expression of public opinion, I desire to ask consent to have read an editorial in the Philadelphia Inquirer of Tuesday,

which reflects a little divergent view upon the subject of the course of the administration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

[From the Philadelphia Inquirer, Tuesday morning, January 26, 1915.]

PRESIDENT WILSON AS A MENACE.

It seems to us that the time has come to speak very plainly concerning the attitude that has been assumed by President Wilson. For the President as a man we have the greatest respect. We have said upon frequent occasions that we do not question his sincerity. He believes thoroughly in himself and in his theories. Nevertheless, men are human and subject to human errors, and the President is not infallible. On the contrary, while we dislike to say it, he constitutes to-day a menace to the country.

He is a menace not only in a business way, but to the peace of the Nation, while his assumption of sole power in Washington is a violence to the Constitution which is becoming more and more serious.

We are guaranteed under the Constitution a government divided into three departments—the legislative, the executive, and the judicial. The President has not yet laid hands on the judiciary, but so far as having a mind of its own is concerned, Congress has ceased to exist. It is dominated completely by the Executive. It dares not lift a hand unless bidden to do so by its master in the White House.

There was a time when men were sent to the House and Senate to represent their constituents. That time has passed into history. A Democratic majority exists in both branches, but it has no voice. In awe of its self-constituted leader, the "captain of the team," it trembles in his presence and hastens to do his bidding. If perchance there is a sign of rebellion he summons a caucus, places whatever measure he has in mind before it, makes of that measure a party affair, and demands and receives implicit obedience.

The lawmaking power is to-day in the hands of the President. He creates law and executes it, and by so doing he is menacing liberty of action and independence of thought and is making a mere plaything of the Constitution.

But since he is assuming the right to dictate legislation he must assume the responsibility as well.

He has belittled his high position as President of the United States, and prefers to be known as a party leader. In the common parlance of politics, he is a partisan boss and rules as a partisan, while his Secretary of State is engaged in the pleasing (to him) task of finding offices for "deserving Democrats."

As a partisan boss, therefore, Mr. Wilson must be regarded.

As a partisan boss, then, he is responsible for the deadly low-tariff law which but for the coming of the European war would now be plunging the business of the country into a far more serious condition than it is. Most of the mills that are to-day running full time are engaged in filling contracts for the armies of the allies. To the business of the Nation, therefore, Mr. Wilson is a menace.

If it is urged in his behalf that he and his party were pledged to a low tariff, the argument is valid, so far as the principle is concerned. But under no circumstances can the usurpation of the power of Congress be justified—the denial of the right of members of his party to amend or propose amendments to the particular form of law which he had had drawn up and insisted on passing.

However, the tariff is a matter which can be remedied in the end. But the ship-purchase bill is quite another matter.

It can not be urged that his party is pledged to a Government ownership of steamship lines, and yet here we find him demanding with all the energy that he possesses that, come what may, that mysterious bill which carries with it elements of international complications of a most dangerous character must be pushed through at the expense of everything else.

In this stand which he has taken we find not only a menace to the constitutional rights of Congress, not only a menace to business, but a distinct menace to the peace of the country.

From a business point of view this ship-purchase scheme is without merit. It proposes to finance a company with Government (the people's) money to buy ships at a cost of \$30,000,000 as a starter (likewise with the people's money), and to place the management of this Government concern under a board to consist of the Secretary of the Treasury, the Secretary of Commerce, and three men to be appointed by the President.

Here we have a plan which depends upon a direct subsidy, which will be run at a great loss, and which will prevent private enterprise in shipping. No shipping concern under the United States flag depending on private capital could hope to compete with a Government-run concern with the entire Treasury of the Nation back of it to pay the losses.

It is a socialistic scheme, and is the first step in a Government ownership which might easily be stretched later on to comprise railways and telegraph and telephone lines.

But the more serious point is that of threatened international complications. There are few ships for sale except those that have been put out of business by the English Navy. These are exclusively German ships, and it is apparent that England, since she objects to the transfer to the Stars and Stripes of the German steamship *Dacia*, purchased by a private individual, would protest most vigorously if the United States Government came to the rescue of the German owners. Here is where President Wilson is playing with fire. He is inviting trouble. He is, to quote Senator LODGE, bringing "the United States within measurable distance of war."

It is easy to say that England already has her hands full and wouldn't fight. But how do we know that? There are hotheads on both sides of the water. Furthermore, the attitude of France and Russia would be the same as that of their ally. Again, there is Japan, with a navy that ranks only just below that of our own. In case of hostilities, where would we be? We should have just about all that we could contend with in Japan alone.

In any event, our commerce would be gone. We couldn't sell a ton of stuff outside the United States.

It is inconceivable that we should go to war; inconceivable that the President would permit war. But in case of a bitter controversy which, if carried to its end, would produce war, we should either have to make good or crawl on our hands and knees in the most humiliating manner.

Mr. Wilson is a man of theory. He had a theory about Mexico. He even sent an army to Vera Cruz. That action on his part was an act of war and would have brought about hostilities had not Mexico been

rent asunder by bandit bands. He played a game of bluff with Mexico, and his bluff was called. He has failed most miserably in his Mexican policy. He has made the United States a byword and a thing to be hissed in the streets of Mexican cities.

The President can theorize and bluff with Mexico. It is safe. But he can not theorize and bluff with England, France, Russia, and Japan. If he should buy the German ships, he would face a serious controversy, one that, because of the uncertain outcome, would at least disrupt the export business until it was settled, even if it did not bring on hostilities. And if we had to back down to prevent war after we had bluffed to the limit of controversy, in what sort of position would that leave us?

The ship-purchase bill is a disastrous scheme from any viewpoint whatever. As for President Wilson, we repeat what we said at the outset:

By assuming the attitude that he has, he is a menace to the country.

Mr. JONES. Mr. President, I have an amendment which I intend to propose to the shipping bill, which I ask may be read and then printed. It is a short amendment, but a very important one.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Secretary will read the proposed amendment.

The SECRETARY. After the words "shipping board," in line 2, page 8, of the latest substitute presented on behalf of the committee, it is proposed to insert the following:

And from and after the passage of this act it shall be unlawful to manufacture, barter, sell, or give away any spirituous, vinous, malt, or other alcoholic liquors of any kind upon any vessel or other structure located or operated upon any of the navigable waters of or under the jurisdiction of the United States, and any person who shall manufacture, barter, sell, or give away any such intoxicating liquors or otherwise violate the provision relating thereto, shall be guilty of a misdemeanor and be fined not less than \$100 nor more than \$5,000 or be imprisoned for not less than six months or more than five years or be both fined and imprisoned for each offense; and each act of manufacturing, bartering, selling, or giving away such liquors shall for the purposes of this provision constitute a separate offense.

Mr. SHERMAN obtained the floor.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Nebraska?

Mr. SHERMAN. Yes, sir.

Mr. NORRIS. If the Senator will yield to me just for a moment, I wish to ask unanimous consent to offer and have printed two amendments to the pending bill, and I ask that they lie on the table.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the proposed amendments will be printed and lie on the table.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 6839) extending the time for completion of the bridge across the Delaware River authorized by an act entitled "An act to authorize the Pennsylvania Railroad Co. and the Pennsylvania & Newark Railroad Co., or their successors, to construct, maintain, and operate a bridge across the Delaware River," approved the 24th day of August, 1912, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 8904. An act to authorize the establishment of a lifesaving station at the mouth of the Siuslaw River, Oreg.;

H. R. 18745. An act in relation to the location of a navigable channel of the Calumet River in Illinois;

H. R. 19078. An act granting the consent of Congress to the Cleveland Yacht Club Co. to construct a bridge across the west arm of Rocky River, Ohio;

H. R. 19746. An act to authorize aids to navigation and other works in the Lighthouse Service, and for other purposes;

H. R. 20933. An act extending the time for completion of the bridge across the Mississippi River at Memphis, Tenn., authorized by an act entitled "An act to authorize the Arkansas & Memphis Railway Bridge & Terminal Co. to construct, maintain, and operate a bridge across the Mississippi River at Memphis, Tenn.," approved August 23, 1912; and

H. R. 20977. An act to provide for the establishment of a lifesaving station in the vicinity of Duxbury Reef, Cal.

DELAWARE RIVER BRIDGE.

The Presiding Officer laid before the Senate the amendments of the House of Representatives to the bill (S. 6839) extending the time for completion of the bridge across the Delaware River authorized by an act entitled "An act to authorize the Pennsylvania Railroad Co. and the Pennsylvania & Newark Railroad Co., or their successors, to construct, maintain, and operate a bridge across the Delaware River," approved the 24th day of August, 1912, which were, on page 2, lines 6 and 7, to strike out "the time now limited, namely"; on page 2, to strike out

lines 14 to 24, inclusive; and, on page 3, line 1, to strike out "section 3" and insert "section 2."

Mr. OLIVER. I move that the amendments of the House be concurred in; and, I ask unanimous consent for the consideration of the motion.

Mr. FLETCHER. With the understanding that it does not displace the unfinished business and will not lead to debate, I shall make no objection to the Senator's request.

Mr. OLIVER. I make the request with that understanding.

The PRESIDING OFFICER. Without objection, the amendments of the House will be concurred in.

HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Commerce:

H. R. 8904. An act to authorize the establishment of a lifesaving station at the mouth of the Siuslaw River, Oreg.;

H. R. 18745. An act in relation to the location of a navigable channel of the Calumet River in Illinois;

H. R. 19078. An act granting the consent of Congress to the Cleveland Yacht Club Co. to construct a bridge across the west arm of Rocky River, Ohio;

H. R. 19746. An act to authorize aids to navigation and other works in the Lighthouse Service, and for other purposes;

H. R. 20933. An act extending the time for completion of the bridge across the Mississippi River at Memphis, Tenn., authorized by an act entitled "An act to authorize the Arkansas and Memphis Railway Bridge & Terminal Co. to construct, maintain, and operate a bridge across the Mississippi River at Memphis, Tenn.," approved August 23, 1912; and

H. R. 20977. An act to provide for the establishment of a lifesaving station in the vicinity of Duxbury Reef, Cal.

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof, or of the District of Columbia, to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

[Mr. SHERMAN addressed the Senate. See Appendix.]

Mr. SMOOT. Mr. President, while the Senator from Illinois is looking for a missing letter, I suggest the absence of a quorum.

Mr. SHERMAN. The pad in which I had my papers fell on the floor, and they were mixed up. I had them arranged so I could find them; but I can quote the letter.

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. SHERMAN. Certainly.

Mr. SMOOT. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

| | | | |
|-------------|----------------|--------------|--------------|
| Ashurst | Gore | Norris | Smith, Md. |
| Brandagee | Hollis | Oliver | Smith, Mich. |
| Bryan | James | Overman | Smoot |
| Catron | Johnson | Owen | Sterling |
| Chamberlain | Kenyon | Page | Sutherland |
| Chilton | Kern | Perkins | Swanson |
| Clapp | Lee, Md. | Pittman | Thomas |
| Clark, Wyo. | Lippitt | Robinson | Thornton |
| Culberson | Lodge | Saulsbury | Townsend |
| Cummins | McLean | Shafroth | Vardaman |
| Dillingham | Martin, Va. | Sheppard | Walsh |
| du Pont | Martine, N. J. | Simmons | White |
| Fletcher | Myers | Smith, Ariz. | Williams |
| Gallinger | Nelson | Smith, Ga. | |

Mr. THORNTON. I was requested to announce the necessary absence of my colleague [Mr. RANDELL].

The PRESIDING OFFICER (Mr. SWANSON in the chair). Fifty-five Senators have answered to their names. A quorum is present.

Mr. FLETCHER. Mr. President, it has been often stated on the floor, and various editorials have been read, to the effect that the friends of the pending measure are remiss in their duty in not taking time to present in extenso the reasons for the proposed legislation. We on this side have been criticized quite severely because we have not been willing to prolong the discussion by interrupting speakers, engaging in colloquies, and participating more largely in debating the bill. I have felt that whereas the general subject has been before the country since at least last September and under consideration here for over six weeks, after reports upon the bill, quite full and accessible to all, and since the proposition has been under public discussion on the platform, in the press, and generally, for weeks, it is a mere pretense and subterfuge

to find fault with the friends of the measure because they have not consumed the time of the Senate by long-drawn-out speeches. We would like to have a vote at the earliest possible moment.

I said on the 4th of January, when we began the consideration of the bill, when some complaint was made that the effort was to "jam through" the legislation and deny full and free discussion, this:

I simply wish to suggest that there is no disposition on this side to limit debate or to prevent a fair and full discussion of the bill at all. There is no disposition, as the Senator expressed it, to jam through the bill. Even if we had the power to do it, certainly we have not any power to prevent an ample discussion and consideration of the bill. We simply want to get it before the Senate for that very purpose, so that Senators can proceed, and, whether they are ready or not, we on this side are prepared to discuss it.

Frankly, my disposition has been to have each speaker proceed under his own power and consume his own smoke as much as possible. However, if it will accommodate or gratify the opponents of the bill to have further views expressed from this side and more discussion of the subject, I am willing to venture to offer some matters for their consideration, which I expect, however, let me say in advance, they will not like and may ignore or push aside as without merit. Their newspaper friends will do the same. So, as far as being helpful to the public depending on the press is concerned, generally speaking, I fear my pains will be unrewarded. However, it will be my hope to interest the other side in some matters which will make it unnecessary for Senators to spend the time, hour after hour, in reading documents that are accessible to all of us.

The pending bill was introduced in the Senate on the 9th of December, 1914, and was referred to the Commerce Committee, and that committee reported it favorably on the 16th day of December, 1914, with certain amendments. Other amendments, without changing the general nature of the bill, mainly to clarify the language, were reported, and the whole, as amended, as proposed in the nature of a substitute, was reported on the 6th day of January, 1915. Numerous amendments were offered from both sides of the Chamber, and upon further consideration of the measure it was deemed advisable to report favorably upon additional amendments. As thus perfected, the first committee substitute was withdrawn and a second substitute, presenting the bill as now completed and taking the place of all prior amendments of the committee and the original bill, was presented by the committee on the 26th instant.

Arguments have been made which have been addressed, to some extent, to the details of the original bill, but mainly to the principle involved in the proposed legislation and the public policy, which is alleged to be a departure unsound and unwarranted. These arguments have proceeded along various lines, often crossing each other and frequently answering themselves.

We have been told by those opposing the measure that there is really no scarcity of tonnage, and yet that millions of American money is impatient to become invested in ships to engage in trade.

The facts overwhelmingly established disprove the first statement and the second answers it. We are told that cargoes are lacking and ships are abundant, and yet that American investors would at once put their money in ships but for the fear of the passage of this bill.

The railroad companies give notice that the elevators and warehouses and sidings at the ports are crowded, the demand abroad is great, and yet the commodities are not moving in sufficient quantities to avoid congestion, when at all.

We are told that the rates are not excessively high, insurance and delays considered; that mines strew the seas; that the hazard is great, and the dangers of seizure and interruptions by search are factors which justify the present rates of freight and charges. On the other hand, it is argued we need a merchant marine, and the Government should guarantee the bonds of private companies, which would provide the ships, and the Government's guaranty would bring forth the abundant private capital eager to make the investment.

It is asserted, on the one hand, that the 25 or 30 ships which opponents say could be acquired or built under this bill would have no effect on commerce, create no competition, cut no appreciable figure in shipping, and the corporation would soon become bankrupt, and yet the existing shipping interests are protesting they will be run out of business and can not stand the competition. Such are only a few of the inconsistencies in the arguments made.

It is argued in the face of these claims that no vessel of any nation at war should be acquired under any circumstances, and that if this is done the world's tonnage would not be increased and the danger of entanglement in international affairs would become imminent. The reports of Secretary McAdoo and Secretary Redfield and of the committee on that point are unanswerable. It is assumed in the argument that one purpose of the friends of this measure is to acquire German ships now interned. A man of straw is set up in order to have something to demolish.

We assert there is no such purpose or necessity. What do we want with a 56,000-ton ship? The best type of cargo carrier is less than 8,000 tons. Light-draft vessels, for South American trade especially, will be required. Let us examine briefly the foundation of the arguments against the measure as set forth in the minority views.

MINORITY VIEWS UNSOUND.

It can be easily shown that the report is full of fallacies, inaccuracies, and inconsistencies. Condensed to its substance, it holds (1) that if the bill is designed as an emergency measure there is no need for it, as existing conditions do not warrant it; (2) that if there is an emergency the bill does not provide a remedy; (3) that if the bill is designed as a permanent policy of the Government the minority is against it, because of the Government-ownership feature.

First. There is an existing emergency for that matter, but aside from that I would call attention to the House report, made a part of our report, in which this statement appears:

The fact that we pay a sum variously estimated to be from \$200,000,000 to \$300,000,000 annually to vessels under foreign flags to transport our commerce, which seriously affects our balance of trade, is urged as a sufficient reason why we should have a merchant marine of our own, but this is only one of many reasons.

Again, it has been pointed out that Great Britain with her vast navy was, nevertheless, compelled to commandeered over 500—some estimates give 1,500—merchant vessels as transports and auxiliaries, and this shows the great need of passing this bill to establish an American merchant marine, to be available as naval auxiliaries in case of war, even if the present extraordinary shipping situation was no longer a factor. The agitation for an American merchant marine has been going on since 1880. The present shipping conditions caused by the war have only served to force on us a full realization of the consequences of not having a merchant marine of our own.

Nowhere in the minority report is there any practicable suggestion as to how we may otherwise establish an American merchant marine, nor does the minority report even say that it is desirable that we should have an American merchant marine; in fact, one may readily infer from this report that an American merchant marine is not at all necessary or desirable.

The minority report repeatedly disputes the fact that there is a shortage in shipping; and it says that the situation has been greatly "magnified and exaggerated." It refers to the "alleged scarcity of tonnage" (p. 4); "an imaginary lack of tonnage" (p. 7). "It is not improbable," says the report, "that on the whole the world's trade has diminished in a ratio commensurate with the loss of ocean tonnage" (p. 4). "Generally speaking, there is sufficient tonnage to meet all demands," says the report (p. 6). The report quotes the Boston Marine Association as to four sailing vessels alleged to be idle in Boston Harbor, as if in this day, even if these ships were idle, sailing vessels can be considered as a factor in the far-seas trade.

In view of the actual facts of the shipping situation, as anyone can readily ascertain, the attempt to prove that there is no shortage in shipping is little short of an insult to one's intelligence.

Vessels usually worth \$5,000 a month now get \$40,000 a month—

Says the Journal of Commerce, of New York, of January 11—

Demand for tonnage much in excess of the available supply. Charterers continue to experience great difficulties in covering their requirements as far ahead as April owing to scarcity and light offerings of available boats. A very similar condition exists in the sail-transport market relative to trans-Atlantic business, the demand for vessels being considerably in excess of the supply of those of suitable class.

This is quoted from the Journal of Commerce of January 11.

Fewer steamship sailings to South America. Shortage in January steamers unavoidable. Complaint made to Washington.

This is from the Journal of Commerce of January 12.

The demand for tonnage in the various trades shows no abatement, while the supply of available steamers does not begin to approach the requirements of the trade.

From the same journal of January 11.

The above quotations, which are only a few of the many available, are from a paper which is almost hysterical in its opposition to the shipping bill, but must, nevertheless, truthfully state the facts relative to the shipping market in its news columns. The editorials are in hopeless conflict with the admitted facts.

The minority report undertakes to show, by five reasons, that the high freight rates that have prevailed for some months past and which continue to steadily rise are due to causes other than shortage of ships.

War insurance covers all the risks enumerated in reason No. 1, and the cost of war insurance is not sufficient to warrant the exorbitant freight rates now prevailing. As a matter of fact, in many cases the charterers pay the war insurance on the vessel as well as on their cargoes.

The average cargo steamer, with a net dead-weight cargo capacity of from 7,000 to 10,000 tons, costs from \$300,000 to \$400,000. Assuming that they are insured for their original cost at the highest rate prevailing in Europe—except Germany—the cost of war insurance will not exceed 50 cents per ton cargo capacity in each direction. This utterly disproves the statement that war-risk insurance is a factor of any consequence in the increased freight rates. To illustrate: Rates on grain to Rotterdam have increased \$10 a ton; rates on cotton to Rotterdam have increased \$20 a ton; and to Germany rates on cotton have increased \$60 a ton; and cotton is noncontraband and free from seizure. The Government provides insurance at reasonable rates on cargoes carried in American bottoms. This subject is discussed in Document No. 673, part 1, page 12, and it is shown that this item is no material obstacle.

Referring to reason No. 2, even a delay of 60 days, as mentioned in the report, would not warrant the increases in rates which have taken place, as, for instance, \$5,000-a-month vessels now command \$40,000 a month. However, such delays are exceptional, and in the great majority of cases vessels are being dispatched with little undue delay. Delays of a month and longer in certain South American ports have been the regular state of affairs for many years, yet they did not cause any noticeable increase in freight rates on vessels engaged in the South American trade until this war.

The statements made in connection with the steamship *Missourian* are misleading. In the first place, she could not carry 8,000 tons of freight in addition to the horses she carried. The *Missourian* was chartered by people who had a contract to supply horses to the French Government, and their contract calls for the delivery of the horses in France. Their profit is not made on the transportation, but on the sale of the horses, and that profit is large enough to warrant them in devoting the vessel exclusively to transporting their horses to France until they have completed full delivery of their contract.

As to reason No. 3, the charterers pay for the coal, and if they must bunker for the round trip and thereby reduce the carrying capacity, the loss is the charterer's and not the shipowner's. If there is any point to that reason, it would be that the owners should make a concession in the charter rate to compensate for the loss of space caused by the necessity of carrying coal for the round trip, but, as a matter of fact, the famine in ships is so great that shipowners simply say, "Take the ship on our terms and stand your own extra expenses," and even so their ships are snatched up with little argument.

Reason No. 4 I have covered in my comments and answer to reason No. 1.

The fifth reason asserts the breaking down of credits and exchanges, and that is alleged to complicate the situation.

I fail to find any connection between this reason and increased freight rates. If we are to consider this reason at all, it should have resulted in a decrease in freight rates, and it actually did result in that for a short period immediately after the outbreak of the war. If we need better financial arrangements as well as ships, the answer is they are being supplied.

It will be seen that all of the reasons which the minority has so laboriously stated are utterly without merit as explaining the great increase in freight rates.

As to the generalities on the question of freight rates, which the minority report quotes from two bulletins of R. G. Dun & Co., one dated three months ago, in the face of actual conditions as they are known to all in the shipping business, these are only additional absurdities appearing in the minority report. This is also true of the tables of freight rates which take up the last three pages of the report. So the argument that boats sailing from New York to South America show cargo space not occupied means nothing. The ships may have been loaded down to their marks with every pound of cargo they could carry and still have cubic feet of space left.

We now come to the minority's comment on the purchase of ships as provided for in the bill. Even if we are unable to buy a single ship and it is necessary to have all the ships built and to wait 18 months for them, as the minority says, the bill should be passed. That, however, is not the condition. British and French shipyards are working night and day turning out merchant vessels as fast as they can. New vessels are being launched every few days, and the Government will be able to buy at very favorable prices new or nearly new excellent cargo steamers to the full amount provided for in the bill. Incidentally I would mention that the present activities in European shipyards do not indicate the European shipping interests anticipate the slump in shipping which the opponents to the bill say will take place after the war.

A responsible shipbuilder tells me ships of 5,000 tons can be built in 7 months, and ships of 9,000 to 10,000 tons can be built in 11 months.

Trading possibilities have always augmented on the termination of war. That is the experience of the past, without exception.

The typical cargo steamer measures 7,760 tons gross, 4,870 tons net; length, 470 feet; beam, 54 feet; depth of hold, 31 feet; cargo carrying capacity, 10,400 tons; average sea speed, 13 knots per hour.

For several years, right up to the outbreak of the war, there have not been enough ships afloat to handle the commerce of the world, and for many years after the war is over there will be an even greater shortage of ships to take care of the rebuilding and new trade developments made necessary by the war.

The several references which the report makes to the purchase of interned German and Austrian ships are without justification. The purposes of the bill can be accomplished without purchasing a single one of the interned vessels.

The initial capitalization is not as absurd as the minority would have it appear. Forty million dollars is a good start; it will provide a fleet of at least 100 excellent vessels.

And we hear the Senator from New Hampshire and others talk about 25 or 30 ships as the result of this entire investment. The best information I can get on the subject is that some 100 vessels can be provided out of this fund.

The fear of those opposed to the bill, I am sure, is not that the enterprise will be a failure but that it will be a success, thereby confounding subsidists and Republicans and for all time destroying the possibility of a subsidy raid on the Treasury.

The methods suggested by the minority for reducing freight rates are hardly worth serious consideration, even if they had any bearing on this bill, which has for its object the establishment of an American merchant marine. That is not touched by suggesting that control of rates be vested in the Interstate Commerce Commission, or that "public vessels" be chartered to private concerns "with restrictions on freight charges." What "public vessels"?

The minority report says that increased and improved transportation facilities will not result in increased trade. The following experience in connection with increase of trade resulting from improved transportation facilities will tend to refute this claim of the minority. It is given by one who knows, having had that precise experience.

In 1908 the traffic between New York and Bermuda was maintained by only one line, the Quebec Steamship Co., who had had a monopoly of that trade for over 30 years. The traffic had shown a steady increase from year to year, and to all appearances they were fully filling all the requirements of that route. Another steamship line between New York and Bermuda was established and met with such great success that in 1910 the Royal Mail Steam Packet Co. entered the field as a third competitor. Now note the results. In 1908 the annual passenger traffic between New York and Bermuda, in each direction, was about 5,000. In 1911 it was 27,000, and the freight traffic also increased tremendously. The Canadian experience also shows the unsoundness of the minority's position.

As to the objections to the Government ownership features of the bill as they appear to the minority, I will take them in the order in which they are stated:

(a), (b) For over 50 years there have been no "personal endeavor" or "individual initiative" shown toward the establishment of an American merchant marine by private interests; there is no such "endeavor" or "initiative" shown now, nor is there the slightest basis for believing that there will be any in the future without the spur of a subsidy or other form of bounty.

(c) The War Risk Insurance Bureau, recently organized, refutes the allegation that a Government enterprise is a "constant tendency to maximum costs."

Likewise the Government's operation of the Panama Railroad and steamships has been both economical and successful.

(d) In what manner is the proper and legitimate "multiplication of Government employees and officials" an objectionable feature? The Government is conducting large enterprises without waste or corruption or mismanagement.

(e), (f), (g) The United States Post Office Department is, I think, the most extensive business organization in the world. Considering the vast business done by the Post Office Department and the high pressure under which the work is done, the efficiency of the Post Office Department is truly marvelous. The percentage of mistakes and complaints is infinitesimal as compared with mistakes of the privately owned express and telegraph companies and complaints of their patrons.

If there is one respect in which a governmental enterprise will have an advantage over private enterprises, it is with respect to "labor problems." I fail to see why labor problems are mentioned as a disadvantage of a Government-owned merchant marine.

More "corruption" can be shown in many private business concerns than in the entire United States Post Office Department.

The minority report conjures and imagines dangers and difficulties in connection with a Government merchant marine which are not even remotely likely to occur and which are not worth attempting to answer. This much it may be well to say: "Surely the President of the United States, who can so easily involve this country in foreign complications in hundreds of ways not in the least connected with shipping, can be trusted to direct the operations of the shipping board, of which he would be practically the head, in such a way that the neutrality of the country will be preserved." My quotation is from a statement made by Secretary McAdoo before the House committee when the Alexander bill was being considered.

"Experience required": It is absurd to say that the Government will not be able to command all the "expert knowledge" and experienced men necessary to carry on the business of a Government merchant marine. Surely the building of the Panama Canal, not to mention numerous other business undertakings by Government or municipal authorities, completely disproves this statement of the minority. Likewise the minority's comments as to the lack of wharves, affiliations with shippers, agencies, and so forth, are utterly without merit. The Government has advantages in those respects that no private corporation could ever hope to have. Every consular office throughout the world is a potential agency for the Government merchant marine.

The possibilities of developing trade with the Republics south of us are indicated by the following statement:

TRADE WITH LATIN AMERICA.

Latin American imports from leading commercial countries for fiscal year ending Sept. 30, 1913.

| TO NORTH AMERICAN REPUBLICS. | | Per cent. |
|------------------------------|-------|-----------|
| From United Kingdom | 12.83 | |
| From Germany | 10.04 | |
| From France | 7.15 | |
| From United States | 52.53 | |

| TO SOUTH AMERICAN REPUBLICS. | | |
|------------------------------|-------|--|
| From United Kingdom | 27.73 | |
| From Germany | 18.35 | |
| From France | 8.68 | |
| From United States | 16.25 | |

| TOTAL OF THE 20 REPUBLICS. | | |
|----------------------------|-------|--|
| From United Kingdom | 24.32 | |
| From Germany | 16.45 | |
| From France | 8.34 | |
| From United States | 24.59 | |

Out of a total of imports from all countries of \$1,325,752,627.

Exports—Fiscal year ending Sept. 30, 1913.

FROM NORTH AMERICAN REPUBLICS.

| | | Per cent. |
|-------------------|-------|-----------|
| To United Kingdom | 11.10 | |
| To Germany | 7.91 | |
| To France | 3.65 | |
| To United States | 71.66 | |

| FROM SOUTH AMERICAN REPUBLICS. | | |
|--------------------------------|-------|--|
| To United Kingdom | 24.09 | |
| To Germany | 13.73 | |
| To France | 9.87 | |
| To United States | 17.65 | |

| TOTAL OF THE 20 REPUBLICS. | | |
|----------------------------|-------|--|
| To United Kingdom | 17.79 | |
| To Germany | 12.22 | |
| To France | 8.34 | |
| To United States | 31.03 | |

Out of a total of exports to all countries of \$1,539,123,597.

I shall refer to this trade as regards South America somewhat later on.

The Senator from Ohio [Mr. BURTON] propounded certain inquiries, which I propose to take up serially. He surmised the answers to the questions in his own way and made them the basis of his attack on the bill. He lamented the departure from principle involved, and predicted dire consequences if the bill should pass. He advocated conference agreements among shipowners, and, in its last analysis, his argument leads to a let-alone policy, which means that there should be nothing done and that we should acquiesce in the present situation, when our flag is off the ocean and our foreign commerce is demoralized, a condition of abject dependence upon competitors in trade and utter helplessness when they fail. The Senator deplores that influences outside the Senate move the proponents of this bill. This compels me to lay before the Senate some evidence of influences behind the opposition to this bill.

The Senator from Massachusetts [Mr. WEEKS] undertook to show from newspaper clippings that the bill has no support in

the press, and therefore he argued that there was no real demand for it by the public. I will submit some press comments of a different tone and offer some suggestions which have come to me to account for the attitude of certain newspapers cited by the opponents of the measure. The communications from the Secretaries of the Treasury and Commerce refute the contention as to the public demand. In the arguments of opponents they lay stress particularly upon objections to Government operation.

If the Government would only build the ships and pledge itself to charter or lease them at once, I apprehend that opposition to the measure would speedily disappear. It is the one word "operate" that disturbs quite a few people of great influence. To build the ships and then lease or charter them at such figures as might be obtainable—which, no doubt, could be arranged by the shipping interests to suit themselves—would be almost as good for them as their other proposal, that they would build or supply the needed ships if the Government would only guarantee their bonds. Just where the people generally would reap benefit by that arrangement, without very material, if not absolute, control over rates and routes by the Government, it is difficult to see. It is quite clear at a glance to see where the shipping interests would be served by that procedure.

The Senator from Massachusetts [Mr. WEEKS] joined his colleagues in cordial disapproval of the measure mainly because of the power given the Government's agents to operate the ships. I desire to call attention to a proposal submitted by the Senator last August and the response thereto made by the Secretary of the Navy; and I marvel that the Senator's views, as indicated in his speech on this bill, appear so at variance with the proposals and announcements put forward by himself a short while ago.

The Senator from Massachusetts [Mr. LODGE], in a learned, prepared argument, ostensibly in support of his resolution, but really addressed against the bill, assumes a case and then proceeds to attack it. He might just as well say that if this bill passes the President will issue a declaration of war as to say if this bill passes the United States will purchase interned ships which will be opposed by England and France, that it will be an unneutral act and result in a quarrel and disturbance, with unthinkable consequences. This bill no more compels or obliges the purchase of belligerent vessels than it authorizes a declaration of war. There is no more occasion for complications, national or international, or even for embarrassments of any kind, by reason of the passage of this bill than would be involved in a simple reiteration by resolution of what is contained in the national platforms of the several parties regarding the merchant marine.

Deplorable situations are pictured on the assumption that the President, two Cabinet officers, and three additional patriotic Americans will at once proceed to violate the neutrality of the United States and take sides in the titanic struggle going on in Europe. All this is pure, unfounded assumption. It is laying down a premise erroneous and unwarranted, which, at the outset, of course, destroys the correctness of the conclusion.

The other side of the Chamber has indulged in some very vigorous attacks on the President because of his patience and forbearance respecting the situation close by. What reason have they for supposing that he would go hunting for trouble elsewhere? He has brought down reproaches from some of those opposing this bill for his excessive love of peace and his determination to avoid strife in a quarter where effort was required to escape it. Why should he take affirmative action and invite a quarrel where no limit to its disastrous consequences could be imagined? No; the President has exhibited a real, absolute demonstration of his devotion to the cause of peace and his determination to secure it and preserve it at any cost of national dishonor.

Those composing his official family, beginning with his great-souled Secretary of State, approve and encourage the course he has marked out and laid down in his world message at Mobile and on other occasions; and it is to be hoped that no one in this country or abroad will be misled by the expressions of apprehension by the Senator from Massachusetts [Mr. LODGE], followed by the Senator from New York [Mr. ROOR], who was so conclusively answered in the great address this morning by the Senator from Montana [Mr. WALSH].

Here again an able legal argument, in the case of the Senator from New York, on a supposed and not a real case, was made; here again it was assumed that the purpose is and the action would be to purchase ships of belligerent nations in such sort as would put the United States in the attitude of "taking sides" in the Old World conflict. The sentiments of the Senator from New York respecting the importance of preserving a strict and sincere neutrality we all share; with his views re-

specting the significance of being careful we are all in full sympathy. There was no occasion to laboriously argue what is undisputed. There was a mistake in laying down by assumption, even by implication, the premise which did not and could not exist in fact.

I can conceive of no better and safer hands to which to intrust the tranquillity and the highest interests and happiness of the people of this country than those now holding them.

There is no need to purchase a single ship the purchase of which would be disapproved by a single belligerent nation as inconsistent with absolute neutrality; and yet the ships can be acquired and provided under this bill that will release our commerce and relieve our producers and shippers of a distressing and unendurable situation. To argue otherwise is only to awaken a prejudice against the bill, to direct attention from the real issue, to set up a bogey man in order to have something to bowl over.

The dismal forebodings of both Senators, proclaiming the terrible happenings they foresee, recall similar utterances against the banking and currency bill, the antitrust bill, and about every other bill that has been brought forward by the majority during this administration. The country has not gone to the bad, as they predicted it would when the Federal reserve act was passed. Let us see, for instance, what the Senator from New York said about that; and in connection with his observations that there are regretful indications that this measure is attempted to be made a party measure, the senior Senator from New York—and I am commenting on his speech of a few days ago—said on December 13, 1913, on the banking and currency bill:

I regret that the circumstances under which the measure comes before the Senate are not more favorable to real discussion.

That is the general complaint; and yet when we discuss the bill, after they complain that the Democrats are not giving reason for this legislation and are not discussing the bill, and I attempt to respond to that demand mainly to gratify their insistence, I look on the other side and see that there are but three Republican Senators there, and one who is temporarily seated on this side, who does me the honor to listen to me, my good friend from Michigan [Mr. SMITH], and who I am glad to see at the present time is in very excellent company.

Mr. SMITH of Michigan. Mr. President, if the Senator from Florida will permit me—

The PRESIDING OFFICER (Mr. WALSH in the chair). Does the Senator from Florida yield to the Senator from Michigan?

Mr. FLETCHER. Certainly.

Mr. SMITH of Michigan. I want to commend his patient and thoughtful and rather heroic effort to enlighten the other side of the Chamber. I am sure the Members on the other side did not expect to have this privilege; that if they had known that the author of this bill was to present his reasons for its immediate enactment into law they would have been here in great numbers. What they lose I feel very sure is the gain of those who have had the pleasure of hearing the Senator thus far.

The PRESIDING OFFICER. Is the Chair to understand that that is the suggestion of the absence of a quorum?

Mr. SMITH of Michigan. No; I did not make the point, because that might be termed in the nature of a filibuster; and in that kind of a proceeding I have never engaged.

Mr. FLETCHER. I am not at all surprised, Mr. President. I realize perfectly well that criticism has been urged more for other reasons than because they really desired any discussion. I do not presume to be able to enlighten my friends on the other side on this or any other subject; but I am trying to discharge the responsibilities that I feel rest on me, partly by reason of their criticism and partly by reason of the impression they have put out over the country that the proponents of this bill are not willing or in position to discuss it.

Mr. POMERENE. Mr. President, if I may be permitted to make the observation, I am quite sure the Senator from Florida could enlighten them if they desired enlightenment on the subject.

Mr. SMITH of Michigan. Mr. President, that this may not seem to be a purely family party, I think I have listened with profit to the Senator from Florida, and I think the entire discussion of to-day has been most creditable to the Senate and to the country. It will be many days before the Senate will have the privilege of listening to a more elaborate and painstaking address than we listened to this morning from the honorable Senator from Montana [Mr. WALSH], who now occupies the chair; and to have cut off such a discussion by a peremptory demand that we should go to a vote without that kind of information would have been little short of parliamentary recklessness. I am sure we ought to have time to hear discussion such

as the Senator from Florida is now conducting, and we ought to have time to read these elaborate discussions before we are forced to commit the country to almost an irrevocable error, if it should turn out to be an error.

Mr. SIMMONS. Mr. President, I should like to ask the amiable Senator from Michigan how it is possible for his party to listen to this discussion when they are in the cloakroom or in the restaurant?

Mr. SMITH of Michigan. Why, I do not exactly know where my party is at the present time. [Laughter.]

Mr. POMERENE. Mr. President, has not that been the difficulty with the Senator's party for many years? [Laughter.]

Mr. SMITH of Michigan. Oh, no. The trouble with our party is that we have not known where our opponents were. Most of the time we have been obliged to pursue them in the thickest and the darkness and the fog of their political convictions. We do not always have the pleasure of seeing them arrayed as they are this afternoon, with smiles and good cheer and hopefulness.

Mr. POMERENE. Mr. President, if the Senator and his Republican colleagues would do us the honor to listen to this discussion, they would have no trouble in finding out where we were.

Mr. SMITH of Michigan. No, Mr. President; that is very true. I do not question the whereabouts of the honored Senator from Ohio. I know that he is wherever the President of the United States places him, most of the time.

Mr. POMERENE. Mr. President, while I am under his leadership I am quite sure I will not be led astray. It is to be regretted that the distinguished Senator from Michigan does not see fit to align himself under the same leadership. If so, he would not have been traveling in darkness so long as he has been.

Mr. SMITH of Michigan. Mr. President, I do not want to prolong this friendly discussion, but perhaps I ought to withdraw the remark that I made concerning the Senator from Ohio. When I made the remark I had just been reading the veto message of the President on the immigration bill, and I supposed, of course, the Senator from Ohio would follow his wise leadership in that as in all other matters.

Mr. FLETCHER. Mr. President, the party of the Senator from Michigan seems to be somewhat in the chronic position of being split up. He is in the Senate and the others are out in the cloakroom. I want to say further that I ought to correct the Senator's statement in alluding to me as the author of the bill. I do not claim that distinction. I am simply acting chairman of the committee that has reported it, and I am doing all I can to support the bill and to explain its main features, and I am heartily in favor of the bill.

I will proceed with my reading from the speech of the Senator from New York [Mr. ROOT] on the 13th of December, 1913. He said:

I am not one of those who denounce caucuses and attempts to secure united party action. Under my own conception of a government by political parties, membership in a party involves certain obligations to attempt agreement upon that united party action which is necessary to discharge party responsibilities. I do not think that the declaration of affiliation with a political party should be regarded as merely a means of obtaining office, to be forgotten after office is obtained. I think that when by declaring himself a member of a political party a man has secured an election to office by his fellow citizens, he has assumed toward them an obligation to seek to do his part toward discharging the responsibility of his party in putting into effect the policies which it declares.

So that I can quote the Senator in support of any action which the Democrats have taken in reference to this bill.

Then as to these forebodings which find expression now and then with reference to measures which our friends on the other side oppose, there are several illustrations in the same address. He said:

So, sir, I can see in this bill itself, in the discharge of our duty, no influence interposed by us against the occurrence of one of those periods of false and delusive prosperity which inevitably ends in ruin and suffering.

Numerous expressions of that kind appear in this speech, signifying that if the Federal reserve act should pass, in his judgment the whole country would suffer, and credits would be put upon a basis which was unsound and unwise and destructive. In the same speech he makes this allusion:

Then as our merchant marine has practically disappeared, we pay the freight and the insurance—certainly practically all the freight one way—on the goods exported or goods imported, however the custom of the particular trade may be, and that freight is paid to the foreign steamship owners.

He was speaking with reference to the amount of money which goes out of this country. He says:

So, sir, if we enter upon this career of inflation we shall do it in the face of clearly discernible danger—danger, which, if realized, will result in dreadful catastrophe.

And at the close of his speech he said:

Ab, Mr. President, we are turning our faces away from the fundamental principle upon which we have come to our high estate. We are turning them weakly toward practices which history shows have invariably led to decadence, to degradation, and the downfall of nations. We are setting our steps now in the pathway which through the protection of a paternal government brought the mighty power of Rome to its fall; and we are doing it here without a mandate from the people of the United States. Ab, more than that, we are doing it in violation of the express verdict of the people of the United States.

Mr. SIMMONS. That was with reference to what bill?

Mr. FLETCHER. The banking and currency bill, then pending in the Senate, which since has been written into law, and which I believe now meets the commendation and approval of the very people who were then opposed to it as well as of all other people generally.

So it is no new thing to hear these doleful predictions from our friends on the other side respecting practically every bill that is presented from this side for consideration. Similar predictions were made by the Senator and his colleagues respecting that and other measures which not only have not proven sound, but, in the course of events, experience has shown the futility and inaccuracy of such prophecies. The country ought to be somewhat steeled against that sort of thing by this time.

The argument advanced that no emergency exists is completely answered by the response of the Secretary of the Treasury and the Secretary of Commerce to the resolutions of the Senate requesting them to furnish all available information in relation to the increased rates for ocean transportation which have taken place since July 1, 1914, and any and all other facts relating to ocean transportation which adversely affect or injure commerce.

I shall not take the time to read from the communication giving us the information desired and appearing as Senate Document 673, parts 1 and 2. The facts set forth completely overthrow the contention that no emergency exists; that rates are not exorbitant, in many instances even prohibitive; that tonnage is ample and only cargoes are lacking, as claimed by opponents of this bill. Our commerce is obstructed and in many instances has ceased to flow, this being caused both by lack of tonnage and exorbitant freight charges. The proof is there furnished in conclusive fashion.

Referring to that report for just one or two statements, reading from page 15 of part 2 of Document 673, the statement is there made:

While this report is being written—

And this report was presented on yesterday, so it is up to date—

Information is received that rates are higher than those given in some of the tables herein presented, and that even at these extraordinary figures it is difficult to obtain cargo space for earlier sailings than March and April.

From the foregoing tables it will be observed that ocean freight rates on grain from New York to Rotterdam have been increased since the outbreak of the war 900 per cent; on flour 500 per cent; on cotton 700 per cent.

From New York to Liverpool the rates on the same commodities have increased from 300 to 500 per cent.

From Baltimore to European ports (excepting German) rates have been increased on grain 900 per cent; on flour 364 per cent; on cotton 614 per cent.

From Norfolk to Liverpool rates on grain have been increased from 157 to 200 per cent; on cotton 186 per cent.

From Norfolk to Rotterdam the rates on cotton have been increased 471 per cent; to Bremen the rates have increased on cotton 1,100 per cent, namely, from \$1.25 per bale to \$15 per bale.

From Savannah to Liverpool the rates have been increased on cotton 250 per cent; to Bremen the rates have been increased on cotton 900 per cent.

From Galveston to Liverpool the rates have been increased on grain 174 per cent; on cotton 361 per cent; to Bremen the rates have been increased on cotton 1,061 to 1,150 per cent.

And so on. The report deals further with the burden upon American business and with the effect of high ocean freight rates on the American farmer, which I shall be glad to have inserted in my remarks without reading, Mr. President—just those extracts.

Mr. JONES. Mr. President, I object to the insertion without reading.

The PRESIDING OFFICER. Objection is made.

Mr. FLETCHER (reading)—

Ocean freight rates are still rising and are limited only by the greed of the steamship owners on the one hand and by what the traffic can stand on the other.

The Government has no power to control or regulate ocean freight rates; it can not, under existing law, protect our foreign trade against these extortionate and hurtful charges. The steamship owners can increase rates without notice and upon the instant, and our business men are helpless. The steamship companies are their own masters and do as they please with the transportation of our exports. As already shown, they are seriously checking our foreign trade, and in some cases, such as lumber and coal, are stopping it altogether.

(See letters of William Haas & Sons, Exhibit 43; Gano, Moore & Co., of Philadelphia, Exhibit 5; American Tripoli Co. (flour), Seneca, Mo., Exhibit 45.)

SCARCITY OF TONNAGE.

The scarcity of steamship tonnage is notoriously true. Every daily paper which publishes shipping news testifies to this incontrovertible fact. Attention is called to attached clipping from the New York Journal of Commerce of January 2, 1915, and the Wall Street Journal of January 1, 1915 (Exhibits 78 and 79), which show clearly the scarcity of tonnage.

But the conclusive evidence of the shortage of tonnage is the excessive and unparalleled ocean freight rates now prevailing. Such rates could not be maintained if tonnage was abundant.

BURDEN UPON AMERICAN BUSINESS.

Annexed hereto as Exhibit 1 is a summary of our sea trade and the estimated freight cost of handling it from July to December, 1914, inclusive, prepared by the actuary of the Treasury Department.

From this it appears that our total exports by sea for July, 1914 (before the war), were \$139,225,479, and the ocean freight cost was \$7,833,482, or 5.63 per cent; the total of such exports for December, 1914, were \$226,000,000 (estimated), and the ocean freight cost was \$30,742,500, or 13.6 per cent—an increase over July of 141 per cent.

If the ocean freight cost on December exports had been at the same rate as July, viz, 5.63 per cent, the total freight charge on our exports for December would have been \$12,723,800 instead of \$30,742,500. In other words, the increased ocean freight tax arbitrarily imposed upon our farmers and business men for the month of December, 1914, only, was \$18,018,700. If exports by sea continue for the 12 months of 1915 at the December, 1914, rate and the ocean freight charges are the same as for December, 1914, the American farmers and business men will pay to shipowners (principally foreign) increased freight charges above the normal rate of \$216,224,400, or more than five times the \$40,000,000 which the Government proposes by the shipping bill to put into American ships for the protection of our foreign commerce.

In two months and seven days the increased ocean freight charges (above the normal rates prevailing in July, 1914) exacted on our foreign trade at the December, 1914, rate would amount to \$40,241,761, or more than the total amount, viz, \$40,000,000, which the shipping bill authorizes for investment in an American merchant marine.

In 12 months, as before stated, the total increase in the freight tax levied by steamship owners, mostly foreign, upon our export trade, at the December, 1914, rate would amount to the sum of \$216,224,400. If the same be applied to our import trade, there would be an additional increase of \$95,640,000, or a total increased ocean freight charge on exports and imports by sea in one year of \$311,864,400, or 141.6 per cent over the usual cost. (See Exhibit 2.)

Thus far we have been dealing only with the increased ocean freight charges over and above the normal rates prevailing in July, 1914. Including these normal rates, and assuming that the December, 1914, total ocean freight charges, viz, \$44,342,500, represent an average for each month of 1915, the total ocean freight charges on American import and export trade by sea for the year 1915 would amount to the enormous total of \$532,110,000. (See Exhibit 1.) Almost the whole of this huge sum would be paid to foreign steamship owners and would have an important bearing upon our foreign trade balances; it might, in fact, turn these balances against us.

EFFECT OF HIGH OCEAN FREIGHT RATES ON AMERICAN FARMER.

It will be observed that the greatest increases in rates and the heaviest tax has been imposed upon the products in which the American farmer is most concerned, namely, grain and cotton. These commodities constitute the great bulk of our export trade and have the largest influence in throwing the balance of foreign trade in favor of this country.

While the steamship companies have imposed conscienceless taxes in the form of increased rates on grain, amounting, as already shown, to as much as 900 per cent to some ports, they have placed an even heavier burden upon cotton, where the increase in rates to some ports is as high as 1,100 per cent. This increase is particularly onerous upon the cotton producers of the South, because it comes at a time when the effects of the war have greatly reduced the value of cotton and when the southern farmers are least able to bear additional burdens.

Grain, cotton, and other commodities are usually sold "delivered" at the port of destination. When steamship companies raise the cost of delivery of grain from 6 cents to 60 cents per bushel, it makes a vast difference in the price the farmer receives for his product; and when ocean freight charges on cotton are raised from \$1.25 to \$15 per bale, the price at which the farmer sells his cotton is seriously reduced.

To show what the burden imposed on the farmers by these high ocean freight rates means, it is necessary only to bring out the fact that while the total freight cost on our exports by sea for December, 1914, was \$30,742,500, the great commodities of grain, cotton, and flour bore \$11,782,250 for this charge—or more than 36 per cent of the entire freight cost on all exports by sea for December, 1914.

The argument, as I understood it, of the Senator from Illinois [Mr. SHERMAN] to-day was that this freight did not affect the price which the farmer got for his grain; that the freight was paid by the purchaser. Mr. President, these commodities are sold and delivered abroad, and whereas the farmer is getting a tremendous price, according to the usual standard, for his grain in this country to-day, he would be getting more than he is receiving now if this enormous charge for freight was not made against the shipment. It is true the price of grain is high and he is getting a good price for it, but that is no reason why he should not get a better price if the conditions can be remedied, as they should be remedied, by making them such that he will not be made to pay 50 cents a bushel to carry his grain across the ocean when he paid something like one-fourth or one-fifth that at former times. So it is with the other products—the cost of transportation does affect the price which the producer gets for his product necessarily, and affects it very materially and seriously so far as he is concerned.

Mr. SIMMONS. That is why we have been trying to reduce railroad freight rates.

Mr. FLETCHER. Precisely.

Mr. SUTHERLAND. Will the Senator permit me to ask him a question?

Mr. FLETCHER. Certainly.

Mr. SUTHERLAND. I suppose, of course, the Senator thinks that the passage of this bill will reduce ocean freight rates?

Mr. FLETCHER. I certainly do.

Mr. SUTHERLAND. First, I will say that I understand under the bill \$40,000,000 is to be utilized. Am I correct in that?

Mr. FLETCHER. The bill provides for \$10,000,000 capital and \$30,000,000 issue of bonds. So the whole together—the capital and the bond issue—would amount to \$40,000,000.

Mr. SUTHERLAND. Can the Senator tell us how much tonnage that amount of money will purchase?

Mr. FLETCHER. My information is that it would furnish 100 ships.

Mr. SUTHERLAND. Of what capacity?

Mr. FLETCHER. Not all of them, of course, are very large ships, but ships suitable for doing the business; I should think something, perhaps, like a million tons. I was going to say 800,000 tons, but about a million tons, I will say.

Mr. SUTHERLAND. I think some testimony given before the House committee was to the effect that it would cost about \$600,000 to build a freight ship of 8,000 tons capacity. Does the Senator agree with that estimate?

Mr. FLETCHER. That is only an estimate, and according to my information is high.

Mr. SUTHERLAND. I will remind the Senator that the only testimony upon that subject which was given before the House committee is that of a member of the committee, as I recall, and it was to the effect that it would cost a million or a million and a half dollars to build a passenger vessel of from eight thousand to ten thousand capacity, and it would cost about \$600,000 to build a freighter of like capacity.

Mr. SIMMONS. In this country?

Mr. SUTHERLAND. In this country.

Mr. SIMMONS. And something near half of that in Europe, I think, was the testimony, or more than that.

Mr. FLETCHER. The Senator from Massachusetts [Mr. WEEKS] estimated that \$50 a ton would build these passenger ships.

Mr. CLARK of Wyoming. No; not passenger ships.

Mr. SIMMONS. Freight ships.

Mr. FLETCHER. For ships furnishing 800,000 tons he estimated \$50 a ton as the cost of construction.

Mr. SUTHERLAND. It would take, I think, possibly twice as much to build a passenger vessel of a given capacity as it would to build a freighter of the same capacity. If that estimate is correct, as I compute it, that would provide for about half a million tonnage instead of 800,000 or a million tons, as the Senator has stated.

Mr. FLETCHER. Fifty dollars a ton would give 800,000 tons for \$40,000,000.

Mr. SUTHERLAND. That is correct, at \$50 a ton.

Mr. SIMMONS. It is my understanding that the Senator from New Hampshire [Mr. GALLINGER] yesterday estimated that the cost of building freight vessels would be about \$50 a ton. That is what I understood.

Mr. SUTHERLAND. Supposing that that will supply 800,000 tons, does the Senator from Florida recognize that some of those ships at any rate would be those which are already engaged in the ocean carrying traffic? The Senator does not think that the entire \$40,000,000 would be spent to buy ships that are now idle?

Mr. FLETCHER. I should not think so. Not necessarily so. Some, of course, would be built; but in addition to all that, in addition to what may be acquired by the use of the capital provided for in this bill, the bill also provides for the transfer of the present auxiliaries in the Navy, those transports which are not needed for the Army, and also for the transfer of the ships of the Panama Railroad Co., so that by the charter and lease of Government ships we have now, you have quite a considerable fleet to begin with.

Mr. SUTHERLAND. The ships of the Panama Railroad are now engaged in the ocean carrying business, are they not?

Mr. FLETCHER. Yes.

Mr. SUTHERLAND. So they would not be in addition.

Mr. FLETCHER. That is true.

Mr. SUTHERLAND. The Senator does not think that we could build ships in time to meet the emergency which is supposed to exist? We would have to buy them in order to meet any emergency that exists, would we not?

Mr. FLETCHER. We would have to buy some, I think, but as I said awhile ago when the Senator was out, my information

is that you can build in our yards a 5,000-ton ship in seven months.

Mr. SUTHERLAND. Seven months is a long time. The emergency may have entirely passed by that time. At any rate seven months is a long time to wait for reduced freight rates.

The ultimate question I wanted to put to the Senator, however, is this: Assuming that we can add to the ocean carrying trade half of this tonnage—I mean by that that half of the ships that are procured by the use of this money will be ships that are now idle—so as to add to the ocean carrying traffic some 400,000 tons capacity, does the Senator think that, compared with the entire tonnage that is engaged in the carrying trade, putting that quantity of tonnage upon the ocean would materially reduce rates?

Mr. FLETCHER. I have no question but that the moment this bill passes you will see a tumble in rates. I think there is not only not enough tonnage now, but there is manipulation of ships to help keep up these rates.

Mr. SUTHERLAND. Is not 400,000 tons, while large in itself, very small as compared with the total tonnage? The total tonnage of the world, I understand, is something like 47,000,000 tons.

Mr. FLETCHER. I know that we do not need the total tonnage of the world for our foreign commerce. I do not know what the total tonnage is—that is not controlling.

Mr. SUTHERLAND. It certainly would not represent anything like one-tenth of the tonnage now in use in the carrying trade of the United States. The question which occurred to me was whether or not the addition of that would have any material effect upon freight rates. In other words, would it not be a good deal like the United States undertaking to run a freight train from New York to San Francisco once every month at a very cheap rate? That compared with the total business would be so small that it probably would not affect the railroad rates.

Mr. FLETCHER. I do not think that comparison applies here, and I do not think there is any question but what the effect here would be to reduce the rates and afford additional facilities. The very strongest argument in support of that view is the fact that the shipping interests are opposing this bill to-day. If executing the provisions of this bill would cut no figure in commerce, if it made no difference as to their rates, if it did not affect their business in any way whatever, if they were enabled to go on with the monopoly they have and with the combinations they have and with the levy of tribute upon the producers of this country that they are now making, they would say go ahead and pass your bill; but they are not saying that.

Mr. SUTHERLAND. If the Senator will permit me, I think the passage of this bill will be injurious to American shipping interests.

Mr. FLETCHER. How could it be injurious if it does not affect the rates or anything else they are interested in?

Mr. SUTHERLAND. It would discourage them from going into or continuing the business.

Mr. FLETCHER. We have been trying for 50 years to induce them. They not only will not go into it, but they refused to go into the merchant-marine business under the American flag.

Mr. SUTHERLAND. I am not aware of any legislation which has passed Congress during that 50 years that has a tendency to induce American capital to invest in the shipping business.

Mr. FLETCHER. We passed an act some time ago that permitted them to get their ships wherever they could, in the cheapest markets of the world, and put them under our flag, but that brought none of them under our flag, and again the act approved August 18, 1914, and still none came except those that were practically engaged in their own business, some 372,488 tons.

Mr. SUTHERLAND. The Senator refers to the bill which was passed a few months ago?

Mr. FLETCHER. I refer to the Panama Canal act, approved August 24, 1912, admitting foreign-built ships to American register for foreign commerce, and the act of August 18 on the same subject.

Mr. SUTHERLAND. Immediately after the passage of that last-mentioned act the bill in question was introduced. I recall that it was introduced in the House in August, about the time we were passing the last legislation to which the Senator refers. While the act which we have already passed operated as an inducement to American capital to engage in the shipping business, the bill which we are now considering and which has been pending has been hanging over the heads of the American shipping industry for several months, and it has had exactly

the opposite tendency. It has neutralized the effect of the legislation we passed a few months ago.

Mr. FLETCHER. We passed other legislation to encourage shipping; for instance, legislation admitting free of duty all material entering into the construction of ships; we passed legislation putting on the free list material for ships and supplies, and the construction of that law went so far as to admit free of duty the furniture and the bedding and the linen and everything on board a ship. They came in free of duty as a special favor to encourage shipbuilding in this country; and then we passed a law also making a differential in the tariff act in favor of imports in American bottoms.

Mr. SUTHERLAND. I have not any doubt that if the Senator's party had been content to have left that legislation without the interference which arises from this proposed legislation it would have operated as a stimulus to American shipping. But the point I make is that the threat of this legislation which has been impending for months has had a tendency to neutralize the good effect of preceding legislation.

Mr. FLETCHER. My position is that the Senator is inconsistent. He is assuming that we will accomplish nothing by this legislation, because these few ships would not cut any figure in commerce, and then in the next breath he says we are discouraging people from investing their money in vessels. So one answers the other. Either this will amount to something or else there is no reason for anybody to be discouraged about it.

Mr. CLARK of Wyoming. Mr. President—

Mr. FLETCHER. I yield to the Senator.

Mr. CLARK of Wyoming. I want to ask the Senator a question on the subject he was touching upon at the time he was interrupted by the Senator from Utah, to wit, the subject of these high rates being oppressive upon the producer in this country. The Senator hazarded his opinion that while the American farmer is now getting a dollar and a half for his wheat, according to to-day's market, he would be getting much more if it were not for these high freight rates. In other words, if the freight rates were at a point where the Senator thinks they should be and will be made by this bill, as he thinks, the farmer will get more than a dollar and a half a bushel for his wheat. I ask the Senator if he thinks that is altogether a desirable thing?

I have listened to debates here. I know nothing much about farming myself; I think I am the only one perhaps in the Senate who does not boast of having been a farmer at some time. I know very little about it, but I have heard from the Senator from North Dakota, and others say, that a dollar is a fair price for wheat and that when wheat went below a dollar the farmer was not getting a due return for his effort.

It seems that when wheat goes to a dollar and a half and above that the farmer has no cause to complain, and if by the action of this bill or any other legislation we give a fictitious profit to the farmer, which is paid, of course, by the consumer in the city of Washington or elsewhere, we are proposing legislation that is not altogether—scattered over the whole country—for the public good.

Mr. FLETCHER. I think the Senator misunderstood me. I do not think the passage of this bill will increase the cost of wheat to the consumer, but it will have a good effect, so far as the farmer is concerned, in that instead of these unprecedented charges going to freight companies the benefit would go to the farmer. Doubtless, the consumer would likewise be advantaged.

Mr. CLARK of Wyoming. That is it exactly.

Mr. FLETCHER. And I do not believe now that the farmer—

Mr. CLARK of Wyoming. You add to the price that the farmer is now getting—a dollar and a half a bushel, which is an unheard-of price—whatever reduction in the freight rates this bill makes. If the rate is 25 cents a bushel, you would add 12½ cents of that, we will say, to a dollar and a half, making the people who do not raise any grain contribute that much to the farmer, who already is getting a very high profit on his product.

Mr. FLETCHER. The freight rate is a burden on the consumer and it is also an injury to the producer. The trouble about that business is now, I imagine, that the wheat has left the farmer's hands and is in the hands of other people, who very largely would get the benefit.

Mr. CLARK of Wyoming. This is wheat that the farmer still has and which he is selling to-day.

Mr. FLETCHER. As to that wheat, I expect it has very largely been sold to the elevators or their agents.

Mr. CLARK of Wyoming. But if the farmer has the wheat, that is what he gets for it?

Mr. FLETCHER. At any rate, there is no doubt but the farmer would get more than he now gets if the freight were less than it is.

Mr. CLARK of Wyoming. There is no question about that.

Mr. FLETCHER. And the consumer would perhaps pay less. Mr. CLARK of Wyoming. There is no doubt about that; but the Senator urged as an argument in favor of the bill that the farmer would get more.

Mr. FLETCHER. Precisely.

Mr. OWEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Oklahoma?

Mr. FLETCHER. I do.

Mr. OWEN. I will suggest to the Senator from Florida that because the farmer is getting a good price during the European war, a thing which very rarely happens, there is no reason why the Shipping Trust should still pocket the profit.

Mr. FLETCHER. I do not think the farmer very often gets any more than he deserves. He is the one man in this country who works for everything he earns and gains.

Mr. CLARK of Wyoming. Well, Mr. President, I have listened to that a great many times around the Senate, and I want to give it as my opinion that the farmers of this country are the most truly independent and the best fixed of any class of our citizenship, and I am glad of it, because they work for it; but they are no more worthy of good times than is any other class of citizenship, and there is no reason on earth why we should pass legislation one of the avowed purposes of which, as the Senator from Florida says, is to increase the already fictitious prices at the expense of the man who has to eat his bread.

Mr. FLETCHER. I will refer to that a little later on; I do not want to be diverted now.

Mr. CLARK of Wyoming. I did not want to interrupt the Senator's remarks.

Mr. FLETCHER. I will take up that phase of the matter—the effect of freight rates on prices—a little later.

I quite agree with the Senator from Wyoming about the farmer's independence and the satisfactory conditions which he claims obtain in many respects; but I deny that, everything considered, the farmer is especially favored. He depends very largely on the seasons; either it rains too much or it does not rain at all; there are uncertainties as to all his plans; there are pests and there are foot-and-mouth diseases and a thousand and one other things with which he has to contend. He has to labor about 400 days out of the year, and he deserves all he gets out of life.

Mr. CLARK of Wyoming. I agree with the Senator.

Mr. CRAWFORD. Mr. President, will the Senator permit me to make a suggestion right there?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from South Dakota?

Mr. FLETCHER. I do.

Mr. CRAWFORD. I do not think it is quite fair that the situation with reference to the farmer be left in just this way. The dollar and a half a bushel for wheat, so far as the Central Northwest is concerned, is not going to the farmer to any great extent. A great many of the farmers through the newer parts of the Middle West, indeed most of them, have mortgages for lands purchased and for improvements made, the interest on which must be paid as soon as the crop is harvested. They have expenditures for their hired men, their thrashing bills, and their interest. Unfortunately for them, the wheat bins on the farm were pretty well cleaned out long before this high price of wheat came. The people who have got the benefit of it, if an actual benefit has been received, are the elevator men, who have great quantities of it stored away, and the future-delivery men.

Mr. FLETCHER. Mr. President, that is what I surmised, and I made a similar statement a little while before the Senator from South Dakota came into the Chamber.

Mr. President, I must go on, because I am approaching some of the questions we have been discussing, and I may be able to throw further light on them in the orderly progress of the remarks I am making. I call attention especially to Exhibit 2 in this communication from the Secretaries of the Treasury and of Commerce:

Assuming that no state of war existed, and that the normal freight rates in force last July had remained in force in December last, and that the December freight cost, upon this basis, viz., \$18,353,800, would have been the average for each month of 1914, the total ocean freight charges on American import and export trade for the year 1914 would have been \$220,245,600, or \$311,864,000 less than under existing conditions.

The table on page 23 of that report showing the increase in freight rates from the United States to Europe is as follows:

Increase in freight rates—Average for United States to Europe.

| | Grain, per bushel. | Flour, per 100 pounds. | Cotton, per bale. | Meat, per 100 pounds. | Lard, per 100 pounds. |
|--|--------------------------|------------------------------|----------------------|-----------------------------|-----------------------------|
| Estimated average: | Cents. | Cents. | | Cents. | Cents. |
| July..... | 5.6 | 11.5 | \$1.15 | 25 | 25 |
| August..... | 5.7 | 13.6 | 1.15 | 24.2 | 25 |
| September..... | 7.7 | 22.3 | 1.26 | 36 | 36 |
| October..... | 8.7 | 26 | 2.10 | 36.7 | 38.4 |
| November..... | 16.1 | 26 | 3.39 | 37 | 38.8 |
| December..... | 22.1 | 35 | 4.57 | 37 | 39.1 |
| Increase, July to December, per cent..... | 294 | 204 | 297 | 48 | 56 |

It is utterly absurd to say that these rates are only such as might be expected by reason of the conditions and that they are not exorbitant or excessive.

The burning questions are, first, Is there a remedy; and, second, if so, what is it? The opponents of the measure argue there is no remedy; they do not reach the second question. We answer both. We say there is a remedy and that this measure affords it.

Now, what is the bill? It is so simple and plain that no time is required to explain it. Section 1 provides for the formation of a corporation of the District of Columbia for the purpose of carrying out the provisions of the bill under certain provisions set forth in the bill itself and others found in the general incorporation act of the District of Columbia. The objects of the corporation to be formed and its powers are set forth in this proposed act and in the general act referred to. The initial capital stock of such corporation shall be \$10,000,000, of the par value of \$100 per share. The shipping board shall form the corporation. The United States shall always hold 51 per cent of the capital stock unless all the stock shall be disposed of.

Section 2 provides that the United States shall subscribe for 51 per cent of the capital stock, which may be increased on the recommendation of the shipping board and with the approval of the President \$10,000,000, the United States holding not less than 51 per cent of all the stock at all times.

Section 3 authorizes the United States, through the shipping board, to purchase or construct suitable vessels, and the Secretary of the Treasury may issue and sell Panama Canal bonds to the amount of not exceeding \$30,000,000 for such purpose. The date of the maturity of all Panama Canal bonds may be fixed by the Secretary of the Treasury at any time after the date of the same he may deem advisable, instead of 50 years, as the law now provides. This provision is made for the reason that a better price may be had for bonds maturing in less time than 50 years. Time was when long-term bonds were more sought after and brought better prices than comparatively short-term bonds. To-day the demand for bonds maturing in less than 50 years is more active, and the Secretary will have the opportunity under this provision of taking advantage of the existing conditions in the public interest.

Section 4 authorizes the shipping board to transfer the vessels so purchased or constructed to a corporation formed as mentioned, and the corporation shall issue its gold 4 per cent bonds in payment therefor. Such vessels shall have the same status as vessels in private ownership duly registered under the laws of the United States. The existing rules and regulations relating to shipping, navigation, or water-borne commerce shall be suspended by a certain date, and the shipping board shall propose and adopt new rules and regulations applicable to the shipping and water-borne commerce of the United States.

Section 5 provides that all such vessels shall be registered as vessels of the United States, precisely as privately owned vessels, and shall engage only in foreign commerce, except that such vessels as are built in the United States shall be entitled to engage in the coastwise trade, in the same way as the law now permits vessels owned by private citizens to engage in that trade when built in the United States. But for this limitation of the restriction to foreign commerce, the vessels built by the United States in our own shipyards would be denied the privileges accorded to vessels owned by our citizens, and Congress would be not only indorsing but fostering and increasing the coastwise monopoly.

Section 6 establishes the shipping board, to be composed of the Secretary of the Treasury, the Secretary of Commerce, and three additional members to be appointed by the President and confirmed by the Senate, two of whom shall have practical experience in the management and operation of steamships in the

foreign trade. The salaries of the three additional members are fixed at \$6,000 per annum, respectively.

Section 7 provides that, with the approval of Congress, the shipping board shall sell the stock in said corporation owned by the United States.

Section 8 authorizes the President of the United States to charter, lease, and transfer such naval auxiliaries as are suitable for commercial use and not required for use in the Navy and such vessels belonging to the War Department suitable for commercial use not required for transports, and cause to be chartered, leased, or transferred the vessels of the Panama Railroad Co. All the vessels of the corporation shall be of a type, as far as practicable, suitable for use as naval auxiliaries.

Section 9 gives the President of the United States the authority to take possession for use as naval auxiliaries of any vessel owned or leased by the corporation upon terms fixed by the shipping board with the approval of the President, and in case of emergency such action may be taken by the President alone and without notice.

Section 10 requires the shipping board to make report of expenditures and receipts and of the operation of the corporation to Congress at the beginning of each regular session.

Section 11 makes an appropriation of \$10,000,000 out of the Treasury, or in lieu thereof the Secretary of the Treasury may sell Panama Canal bonds to that amount, to carry out the purposes of this act.

Now, let us see about the 14 questions propounded by the Senator from Ohio [Mr. BURTON]. I am indebted to those who have had experience in managing and operating ships in foreign commerce for assistance and information on these points. I do not pretend to have extensive expert knowledge on this subject, though I have studied it to no little extent.

Mr. SUTHERLAND. Mr. President, before the Senator passes to the discussion of those items will he permit me to ask the purpose of one or two provisions of the bill?

Mr. FLETCHER. I do not want to occupy too much time, but I will yield to the Senator.

Mr. SUTHERLAND. If the Senator has any objection, of course I shall not insist upon asking the questions at this time.

Mr. FLETCHER. I have no objection.

Mr. SUTHERLAND. The first provision I want to ask the Senator about is that which permits the shipping board to make rules and regulations which may affect shipping, navigation, and the water-borne commerce of the United States. As I understand, those rules and regulations are now made by the Secretary of Commerce—formerly by the Secretary of the Treasury. Why is this power taken from an officer of the Government and put into the hands of the shipping board, which will itself be engaged in mercantile shipping?

Mr. FLETCHER. Well, in the first place, it is quite an undertaking to revise and reshape all the rules and regulations as they now exist, and it was thought that the shipping board, in view of its personnel, consisting of the Secretary of Commerce, the Secretary of the Treasury, and three persons appointed from outside the departments, two of whom must be experienced in the management and operation of ships engaged in foreign commerce, would be peculiarly qualified to reform these regulations, some of which are said to be rather old, to be not calculated to promote the good of commerce or of trade, and not making for efficiency or serving any other good purpose.

Mr. SUTHERLAND. But the three citizen members of the board, constituting a majority, would, of course, have control of the subject. The point I desire to suggest for the Senator's consideration is that the shipping board is really for the United States engaged in the transportation business, and I ask the Senator whether—

Mr. FLETCHER. I should not say that was quite the case. The shipping board votes the stock of the United States in the corporation, electing the officers, and the corporation will then conduct the business.

Mr. SUTHERLAND. Yes; but really it will be under the control of the shipping board. The shipping board holds a majority of the stock, and may, under the terms of this bill, remove all the trustees at any time, and apparently without notice, so that they have the virtual control of the business. Now, I ask the Senator whether or not he would think it would be wise, for example, to put into the hands of the Postmaster General—who is conducting the post-office operations of the Government and, among other things, engaged in managing the parcel post—the authority to regulate and fix rates for express companies with which he is directly competing? In other words, does the Senator from Florida think it is a wise provision to put into the hands of the members of this shipping board, who are vitally interested in the welfare of this corporate business and are competitors with the private shipping

interests, the power to make rules and regulations governing the private shipping interests as well as their own?

Mr. FLETCHER. I think the Senator is laboring under a wrong impression. The Postmaster General is not a member of the shipping board under the substitute which has been offered.

Mr. SUTHERLAND. No; I was giving that as an illustration. I was asking the Senator, as a parallel case, whether he thinks it would be wise to confer upon the Postmaster General, who is engaged in handling the parcel-post business for the country, and thereby in that way competing with the express companies, the power to regulate the express companies and fix their rates?

Mr. FLETCHER. I scarcely think that is a parallel case, Mr. President, to begin with; and I can see really no objection to this shipping board reforming the present rules and regulations respecting navigation. As the Senator has said, that power rests now with the Secretary of Commerce, and he is on this board; and the Secretary of the Treasury is also a member; and the three experienced men selected from the outside will be appointed by the President and confirmed by the Senate. I do not see but what that board would be a very excellent body to revise and reform the navigation rules and regulations.

Mr. SUTHERLAND. There is just one other question I want to ask the Senator and then I will desist. I wish to invite his attention to the provision of the proposed substitute on page 3, which reads as follows:

Said corporation and its capital stock shall, so long as the United States owns a majority of said stock, be free from all public taxes.

Just what does the Senator understand that to include?

Mr. FLETCHER. I understand that means that the corporation and its capital stock is to be exempt from all public taxes. As to the corporation, it means any corporation tax. It means, for instance, that the property of the corporation shall not pay a tax. If it shall acquire terminals anywhere, I think those terminals will not be taxable. This is my individual view; others may possibly hold that the ships are taxable wherever they may be registered. If one is registered from New York, and, under the laws of New York, such a ship pays a tax, that ship would be taxed according to the local law.

Mr. SUTHERLAND. That was exactly what I had in my mind in propounding the inquiry. The language is:

Said corporation shall * * * be free from all public taxes.

If this corporation acquires terminal facilities in New York, for example, and those terminal facilities are taxed by the State of New York, then the corporation is not free from tax, is it? Your provision is not that no franchise tax shall be assessed but that the corporation shall be free from taxation of all kinds, which is the equivalent of saying, as I understand the English language, that no taxes shall be assessed against the corporation for anything.

Mr. FLETCHER. It is my understanding that the property to which this corporation may have title will be exempt from taxation. This corporation is to be organized in the District of Columbia. There are certain taxes levied against corporations as such, and there may be income taxes or other taxes that may apply to the corporation itself as distinct from the property it might have in different parts of the country or in other places.

Mr. SUTHERLAND. Let me suggest to the Senator from Florida—and I am making the suggestion in absolute good faith—that, as I understand, under general law no franchise tax could be levied, in the State of New York or any other State, against a corporation which was organized under the laws of the District of Columbia. I think that has been held by the Supreme Court of the United States in more than one case—that the franchise of a corporation organized under the laws of one State can not be taxed in another State; but it has been held that its property may be taxed in any State where it is situated. Now, when the Senator, not relying upon that general principle of law which requires no declaration of the statute to carry it into operation, puts affirmative language into the bill, saying that this corporation shall be free from all public taxes, is not the fair construction of it that it means something more than an exemption such as the corporation would already have under general law?

Mr. FLETCHER. I think so. I think that in effect it is not the same thing. My own view would be that it is somewhat like a provision with reference to national banks. The corporation is exempt from tax; but the bank's real estate which it may own in some city, wherever it is located and doing business, is not exempt simply because the bank as a corporation is exempt from taxation.

Mr. SUTHERLAND. That is true, but there is no statute which attempts to exempt a banking corporation from the payment of taxes upon its real estate.

Mr. FLETCHER. It is a corporation organized under the laws of the United States.

Mr. SUTHERLAND. The criticism I make of this provision is that apparently it does attempt to exempt the corporation from the payment of all taxes of every description. However that may be, I ask the Senator with reference to the provision for capital stock. The provision is that the capital stock of the corporation shall be free from all public taxes. Now, apparently that would cover this sort of a case:

Fifty-one per cent of this stock is to be subscribed by the Government of the United States. Forty-nine per cent of it may conceivably be subscribed by a citizen of the State of New York. The stock is his personal property, held in the State of New York. Does the Senator mean by that provision to withdraw that \$4,900,000 worth of capital stock, held by a citizen of New York, from taxation in the State of New York by the State of New York?

Mr. FLETCHER. The Senator means where the stock is held by private individuals, living in some State, where under the laws of that State any stock of theirs would be taxable?

Mr. SUTHERLAND. Yes.

Mr. FLETCHER. I had not considered that question from that standpoint, but I think it would be exempt from taxation. I think that is the effect of this provision.

Mr. SUTHERLAND. Does the Senator intend, by this provision in his bill, to exempt those shares of stock held by the private citizen in a State from taxation by that State?

Mr. FLETCHER. I think so; from all taxation.

Mr. SUTHERLAND. That is, to permit him to take funds that would be taxable in the State, if held there, and invest them in the capital stock of this corporation engaged in a private business, and then escape all taxation in the State?

Mr. FLETCHER. It is my idea to exempt the capital stock from taxation entirely.

Mr. SUTHERLAND. If the Senator means by that that such stock is exempt from taxation by general law, I beg to differ with him. I think such shares of stock are taxable in the States now.

Mr. FLETCHER. That is the language of the bill. They are exempt under this bill.

Mr. SUTHERLAND. But, I say, under general law, in the absence of this provision, I have no doubt that those shares would be taxable.

Mr. FLETCHER. Yes; I do not question that.

Mr. SUTHERLAND. The Senator attempts to change the general rule of law by this bill, and to make nontaxable what is now taxable or what but for this provision would be taxable.

Mr. CLARK of Wyoming. Mr. President, will the Senator yield to me to make an inquiry?

Mr. FLETCHER. I can not take up too much time. If the Senator will ask a question, I shall be very glad to answer it.

Mr. CLARK of Wyoming. It is only a question upon the particular part of the bill to which the Senator's attention has just been directed.

Mr. FLETCHER. I do not want to weary my colleagues by extending my remarks too greatly.

Mr. CLARK of Wyoming. I want to ask the Senator what he believes to be the effect of lines 4, 5, and 6, on page 3, where the bill says:

Said corporation may sue and be sued in any district court of the United States, and may remove to said courts any cause brought against it in any other court.

I desire to ask the Senator whether that does not prohibit a citizen of the United States who has a claim, whether for \$20 or for supplies furnished to this corporation or to its ships in the transaction of its business, from suing in the local courts, and compel him, at the option of the corporation itself, to proceed with his suit in the United States courts?

Mr. FLETCHER. I think it does. He can bring the suit in the local court, and then it can be removed by this corporation to the United States district court.

Mr. CLARK of Wyoming. Does the Senator believe that it is a wise provision of law to take one private corporation and give it legal advantages before the courts of the country which no other private corporation enjoys?

Mr. FLETCHER. I think under the circumstances, with a corporation such as this formed here and doing a business like this, it is perfectly proper and advisable to provide that that corporation should be sued in the district court of the United States.

Mr. CLARK of Wyoming. I shall want to be heard on that point a little later. I will not take the time of the Senator now.

Mr. FLETCHER. That is my view on that point. I think that is a very excellent provision.

FOURTEEN QUESTIONS ANSWERED.

Now I shall proceed to deal with the 14 questions propounded by the Senator from Ohio [Mr. BURTON], beginning at page 1863 of the CONGRESSIONAL RECORD. I shall not repeat the questions.

No. 1. Speaking for myself, Mr. President, I should say that the Government line should be conducted very much on the same policy that would guide any well-managed steamship company. The routes and sailing ports should be determined upon and altered as the vicissitudes of trade make necessary after a careful study of the situation by the officers and directors of the Government line and approved by the shipping board.

"The world is my field" is the motto of a certain large steamship line—the Hamburg-American Line—and it may well be the motto of the Government line in connection with the development of the commerce of the United States.

No. 2. The prime consideration that should determine the selection of routes and sailing ports should be the best interests of American commerce.

No. 3. This question presupposes that there will be such a large offering of freight for shipment that it will be difficult to take care of all the business. That being so, the need for quickly passing this bill is very manifest. The Government line should handle this condition by distributing its facilities as equitably as possible, always remembering that the shipping board will insure a fair deal to all; at any rate, aggrieved shippers will have opportunity for more effective redress than they now have against private-owned steamship companies. I submit a clipping from the New York Tribune of January 19, bearing particularly on this point:

SHIPS EARNING VALUE IN YEAR—HIGH FREIGHT RATES YIELDING GREAT PROFITS TO OWNERS OF STEAMSHIP LINES.

At the present freight returns for all commodities being shipped from American ports steamship interests are reported to be making large enough profits to pay back the cost of their ships within a year. A man connected with the export department of one of the large oil companies finds that it is almost impossible to get freight room for oil exports to South America because most of the lines formerly going from North American points to the southern continent have been diverted to European trade or are interned. On inquiry it was stated to him that ships used in European trade "pay for themselves within a year at the present average freight rates."

An exporter found the average freight rates from ports in the United States to various European points were more than \$20 a ton at the present time, while for the same lines and the same articles the normal average before the war started was \$3.20 to \$3.40 a ton.

One textile manufacturer who exports largely to continental points had a contract rate with one line. Large amounts of goods were to have been shipped by this line several months ago and were delivered to the agents. After several weeks the shipper found them still on the dock, and discovered also that all other contract goods had been left there, while the ships had been crowded with goods paying the ruling freight rates. The shipper went to the representatives of the Government under which the line was registered. His complaint was taken up after considerable delay, and the line finally was ordered by its Government to take his goods.

No. 4. This question has been covered in the answer to question No. 1.

No. 5. The Government line, like every well-managed steamship line, should take care of the business immediately offering before undertaking to develop new business. New trade should be developed in the usual way; by maintaining regular sailings as often as may be warranted, and making rates as low as foreign competition makes necessary.

For instance, if, as recently testified to at the Committee on the Merchant Marine of the House, it costs 50 cents to ship a box of oranges from New York to Liverpool, a voyage of about 8 days, and the same box can be shipped from Jaffa to Liverpool, a voyage of 23 days, for 42 cents, it would be well to reduce the rate to meet the Jaffa competition.

If it costs, as testified, 30 shillings a ton to ship onions to New York via Liverpool, time in transit 26 days, and 40 shillings to ship the same goods from New York to Liverpool, time in transit about 8 days, it would be well to endeavor to develop a market for our onions in Europe by making a more equitable rate than here shown. Innumerable other illustrations, especially of rates to South America, might be cited, but these two will suffice. These illustrations are based on normal, not war-time, rates.

No. 6. The Government line should operate its vessels to earn a fair profit.

The records of Congress show that private-owned steamship lines earn very large net profits, annual net earnings of from 30 per cent to over 50 per cent being frequent. Senate Document No. 601 gives some specific instances. At the present time many vessels are earning their full cost in a single voyage.

The Government line will be able to make great reductions in freight rates and still operate on a profitable basis, as it will not aim for the enormous profits earned by private-owned steamship lines.

No. 7. The Government line should do as most steamship lines do, maintain regular schedules, and when deemed advisable also accept charters for some of its steamers. The probabilities are that the Government line's steamers will be chiefly employed on regular routes. It may be found advisable to send them where there is greater need, and employ them at times to relieve against oppression or total lack of tonnage.

No. 8. The Government should secure its ships in the markets of the world where no breach of neutrality will be possible, until a sufficient number of vessels have been secured with which to commence business. Additional ships should be added to the fleet by construction in American shipyards so far as possible. The transfer of naval auxiliaries and military transports and the ships of the Panama Railroad Co. will in themselves give us a good start. Bearing on this the special committee on the American merchant marine of the New York Chamber of Commerce, made up of experts in shipping, has just reported as follows:

If a substantial tonnage is to be created, it is idle to suggest that it be entirely constructed in this country, for the facilities do not exist for the work. * * * If a large tonnage built abroad is placed under the American flag, the necessary repair work will be an important aid in establishing American yards on a basis where they can compete with foreign shipbuilders.

I am assured that there will be no difficulty in obtaining at favorable prices an adequate number of suitable ships with which to commence business and adding to the fleet by constructing new vessels, as previously stated.

Mr. SMITH of Michigan. From whom is the Senator quoting?

Mr. FLETCHER. I was quoting from the committee's report to the New York Chamber of Commerce.

Mr. SMITH of Michigan. Do I understand that they advocate the building of these ships in foreign shipyards?

Mr. FLETCHER. Oh, no.

Mr. SMITH of Michigan. Does the Senator advocate building the ships in foreign shipyards?

Mr. FLETCHER. No; I did not say that. Shall I repeat the language from the document here?

Mr. SMITH of Michigan. That is what I understood the Senator to say, and yet I was quite surprised.

Mr. FLETCHER. This is the quotation:

If a substantial tonnage is to be created, it is idle to suggest that it be entirely constructed in this country, for the facilities do not exist for the work.

That is the view of the committee of the New York Chamber of Commerce as expressed by them.

If a large tonnage built abroad is placed under the American flag, the necessary repair work will be an important aid in establishing American yards on a basis where they can compete with foreign shipbuilders.

That is the end of the quotation.

No. 9. The shipping board, which can act only with the approval of the President of the United States, can be depended upon to do nothing with regard to the purchase of interned vessels that will prejudice the quality of our neutrality.

No. 10. For 50 years American private capital has had an undisturbed opportunity to engage in the steamship business in the foreign trade under the American flag and has not done so.

Where American capital has engaged in the foreign trade it has conducted it under foreign flags, because it could do so from 5 to 10 per cent cheaper than under the American flag. I take these percentages from the report of the shipping committee of the New York Chamber of Commerce previously mentioned.

One of the members of this committee was Mr. George F. Dearborn, president of the American-Hawaiian Steamship Co. He surely knows what it costs to operate American ships as compared with foreign ships. This committee in its report says:

We desire first to point out that there has been a general misunderstanding of the added cost of operating American vessels as compared with the same vessel under a foreign flag. It has been frequently stated and generally accepted that the operation under the American flag will cost from 40 to 50 per cent more. We believe this percentage should be applied to wages alone, for the cost of fuel, supplies, insurance, and upkeep is substantially equal for the same vessel in the same trade, regardless of flag. On passenger ships, where the wage item may be a larger percentage of the total operating costs, the difference in favor of foreign vessels is somewhat greater; but with strictly freight carriers your committee is informed that the disadvantage under which American tonnage must labor is 5 and 10 per cent of the total operating cost. Even in passenger vessels of a type suitable for South American trade the disadvantage probably does not exceed 10 per cent.

This committee makes this frank admission in order to explain why American investors have been scared off from shipping investments. The report says:

The steamship man must obtain his capital for American ships from American investors. The American investor knows little of the value

of securities of steamship companies beyond the repeated statements in the public press that it costs 40 per cent more to operate an American vessel than one owned abroad, and that, consequently, competition is impossible without a heavy subsidy. These statements are not calculated to attract American capital to vessel securities.

In other words, according to the New York Chamber of Commerce report, subsidists have for years been deceiving the American people as to the cost of operating American ships in their efforts to wring from Congress a subsidy to make up the fictitious difference of 40 to 50 per cent in cost of operations, but have only succeeded in destroying the confidence of American investors in shipping investments.

Mr. SMITH of Michigan. Mr. President—

The PRESIDING OFFICER. Will the Senator from Florida yield to the Senator from Michigan?

Mr. FLETCHER. Just for a question, because I do not want to take too much time.

Mr. SMITH of Michigan. I do not wish to interrupt the Senator, but I would like to suggest that, if the argument he has just read has discouraged private investors in going into that kind of business, what has he to say over the statement made by the Secretary of the Treasury before the House committee that the experiment launched under this bill will undoubtedly be a losing venture, and that for a considerable time, at least, no returns will be adequate to the investment?

Mr. FLETCHER. Of course, no one can look into the future and tell just what the profits will be or what losses may occur, particularly when it comes to opening up new routes. A great deal is going to depend on the management, like any other business enterprise. If the Senator cares anything for my judgment about it, it may be that in the outset there will be losses in the opening up of new routes and in the operation of such line, but there is no need for that to continue. As the trade grows, as the business increases, there is ample reason for believing that the ships can be operated at a profit, and that they will be operated at a profit. I am in favor of their being operated at a reasonable profit. What I am dwelling on now is the New York Chamber of Commerce, which has been one of the most active and chief opponents of the measure and which has been quoted here in arguments over and over again. I do not know but what the report from which I am quoting has been read into the Record two or three times. The Senator from New Hampshire read it in full yesterday. The report made by that special committee to the New York Chamber of Commerce—the special committee being Irving T. Bush, William Harris Douglas, George S. Dearborn, Jacob W. Miller, J. Temple Gwathmey—contains the statement which I have mentioned to the effect that the claims which have been made in the years gone by that it cost from 40 to 50 per cent more to operate ships under the American flag than under a foreign flag have not been proved; that the public has been misled by those statements; that the actual fact is they find to-day, and so report, that it does not cost over 5 to 10 per cent more to operate under the American flag than under a foreign flag.

What I am trying to impress upon the Senate now is that this committee, making this formal report, declares that these statements which have been spread broadcast for years past as a basis for subsidy legislation are not true; that they have had the effect, not of producing legislation whereby these gentlemen could get their hands into the Treasury of the United States under some subsidy legislation, but have had the other effect, of driving capital away from the enterprise when it was most needed, and now they want to bring back that capital. They say private enterprise is ready to go into this business; that the statements which have been made and printed over the country for years past as a foundation for insisting that subsidies should be granted are not true statements at all; that they have been greatly exaggerated; and they admit now that the mistake has been made of driving capital away from this business by misrepresenting the facts. They say, and I accept their statement—I accept it because they know more about it than I do; I believe it is correct—that the difference is only 5 or 10 per cent between the cost of operating under the American flag and under a foreign flag.

Mr. SMITH of Michigan. Mr. President, the Senator from Florida is a level-headed, sound, business man, and I think, without exaggeration, a successful business man. I should like to ask him whether he expects the public to promptly subscribe for the 49 per cent of the stock of the shipping corporation which is to be offered to them?

Mr. FLETCHER. Mr. President, I will not take the time to answer that question, first, because while it may strike the Senator as being of consequence, and I give him credit for good faith in asking it, it seems to me utterly immaterial. It is beside the point I am discussing, in the first place, and in the next place it makes no difference whether the public sub-

scribes for this stock or not. The bill provides that the corporation may begin its operation when 51 per cent of the stock is paid up, and whether the public will subscribe or not I do not know. We can not foresee and foretell what will happen in that regard; it may be it will; it may be it will not. It may be the United States will have to take every dollar of the stock. In that event I see no obstacles in the way nor any objection to that procedure. It will be offered, as I understand it, and if the people do not want it, as capital is needed the Government will furnish it.

Mr. SMITH of Michigan. Early in the evening the Senator from Florida referred to criticisms that have been made upon the Federal reserve-bank law, and evidently he feels that thus far it has succeeded. I do not want to divert the Senator to a discussion of that question, but the prospects and prophecies that were held out to the bankers that this would be a profitable investment for them was coupled with the threat that if they failed to buy the stock in the Federal reserve bank their charters would be taken away from them. I undertake to say that if that threat had not accompanied the privileges that were to be derived from the Federal reserve act not one-twentieth of the bankers of this country would have invested in the stock of the Federal reserve banks, and I do not believe the public will invest in the stock of this corporation.

Mr. FLETCHER. I will not follow the Senator in an argument of that kind because we are not dealing with that proposition here. I want to confine the discussion to what is immediately before us as far as possible and proceed as rapidly as I can. So I simply repeat that whether the public subscribe for stock or not it in no way militates either against the feasibility or the success of the plan.

Perhaps the "high finance" of the International Mercantile Marine, the stock of which is to-day quoted at 1½ for the common and 5¼ for the preferred, par value of each being \$100, and of the Consolidated Steamship Co., which went into liquidation shortly after it was organized, may also have had something to do with scaring off the American investor from shipping investments.

It should be noted that both of the above mentioned were simply holding companies, and their stock-jobbing fiascos in nowise affected the profitable operation of the various steamship companies which made up these combinations.

Therefore, because of this state of affairs the chamber of commerce committee recommends a Government guarantee of shipping bonds "to all whose character and standing entitle them to it," in order "to satisfy the investing public that they can safely buy bonds secured by vessel property." "Otherwise," says the report, "the steamship man is helpless, and can do little to restore our shipping, no matter what inducements may be held out to him."

This does not indicate that "there is a larger amount of private capital ready for the purchase of ships which is kept from investment by this bill than is contemplated to be expended by the bill itself."

Secretary McAdoo covered the proposal of Government guarantees admirably in his recent Chicago speech, when he said:

Guaranties by the Government of the principal and interest of bonds issued by private corporations engaged in shipping; this proposal is not worthy of serious consideration. It would be the worst form of subsidy, to say nothing of the wholly indefensible policy of having the United States Government become the guarantor of the bonds of private corporations engaged in any sort of enterprise. Once we entered upon such a course, we should be asked to indorse the bonds of corporations engaged in other than steamship enterprises. In time we should have the same kind of scrambling at Washington for Governmental favor in the way of indorsements of obligations of private corporations that we had for bounties to favored interests under our old tariff laws.

Now, I believe it is a fact that it does cost 5 per cent to 10 per cent more to operate ships under the American flag than it costs to operate them under foreign flags, as I have stated, and there is no assurance that after this war is over and there is no more need for the protection and cheaper war insurance given to ships under the American flag, that American capital in shipping will continue their vessels under the American flag at an added expense of 5 per cent to 10 per cent; and it is even less likely that they will add to their fleets under the American flag, unless they receive a subsidy.

It is quite certain that Congress will never grant a subsidy to a business so profitable as shipping simply to make up the difference between the large profits under the American flag and the larger profits possible under foreign flags.

From the foregoing it is very evident that there is not the remotest likelihood that private capital will or can do anything to establish an adequate American merchant marine.

They have said in this report that private capital has been driven away from such investments. The report claims further-

more than the cost of operation is 5 to 10 per cent greater under the American flag than under the foreign flag. The whole report assures the country that private interests will never develop an American merchant marine unless bonds are guaranteed or unless subsidies are granted.

It shows that by these false statements as to the impossibility of operating American ships except by the aid of a large subsidy they have injured themselves. The fact of the matter is that the revival of the American merchant marine has now become too big a problem for private capital to accomplish. It is no longer a question of whether we shall have a Government-owned merchant marine or a private-owned merchant marine; the question now is, Shall we have a Government-owned merchant marine or no merchant marine, and continue to depend on the foreigner to carry our ocean-borne commerce?

Forty million dollars is sneered at as being inadequate. If properly administered, as I am sure it will be, it will provide a merchant fleet far greater in extent than the entire present American merchant marine in the foreign trade, including all the shipping that has come under the American flag since the outbreak of the Civil War. That foreign shipping is shown by reference to the report of the Commissioner of Navigation, page 188. The documented tonnage of the United States merchant marine employed in the foreign trade in 1914 was as follows: Two thousand three hundred and sixty vessels of 1,066,288 tons; added under the act of 1914, 104 vessels of 372,488 tons; total, 1,438,776 tons.

Now, as to question No. 11. If it is claimed private steamship companies can operate so much more cheaply than can the Government, then private capital will welcome the Government merchant marine, which will show the way and prove the business, for if the Government line can show a profit on any particular route, private steamship companies, according to the statements being made, can show a greater profit, and whenever any private American steamship is prepared to maintain a service equal to that of the Government line on any route established by the Government line, the Government line will withdraw from that route; there will be no necessity to sell it. The Government line will simply transfer its activities to some other undeveloped route.

As to question No. 12, there is no good reason why the Government line should not enter into conferences or agreements with existing lines if it should be deemed to be to the best interests of all concerned, always bearing in mind that the best interests of American commerce should be the first consideration of the Government line, healthy competition, and good service at reasonable rates being maintained.

As to question No. 13, fruit and meat are usually carried in combination passenger and freight boats, and where the traffic calls for such freight it will be a simple matter to properly provide for it. The transportation of oil is pretty well taken care of by the oil companies. There is not any likelihood that the Government line would be called upon to give much attention to the carrying of oil. If it should be, it will not be a difficult problem, and the tank steamers will be excellent naval auxiliaries.

Question No. 14 is fully answered in the answer to question No. 7.

As to the final question, "Is this to be a permanent or temporary policy?" I will say that it will be as permanent or as temporary as the circumstances make necessary. This phase of the question is discussed in the answer to question No. 11.

Mr. President, observations have been repeatedly made that the influences outside the Senate are urging the passage of the bill, implying that Senators on this side are not acting in pursuance of their own judgment. That makes it incumbent upon us not only to deny that implied charge, but to inquire whether it may not be prompted by those deeply interested on the other side, and to consider what those interests may be.

INTERESTS AND INFLUENCES AGAINST THE BILL.

There has developed considerable opposition from certain quarters. The cry of paternalism has been raised, the criticisms of Government ownership has been advanced, and several of the large news and financial papers of the eastern cities appear daily with editorials denouncing the administration's policy. These papers, being the recipients of large incomes from advertising contracts with the steamship companies, are naturally opposed to a plan inimicable to the interests of their customers. This fact may affect their vision. The greatest opposing power, however, to the policy of the Government is the steamship companies themselves.

An investigation of the shipping question and the interests that are involved reveals some very interesting facts. In the report of the proceedings of the Committee on the Merchant Marine and Fisheries in the investigation of shipping combina-

tions the methods of the shipping interests are fully set forth. It is shown that a regular system of agreements and pools prevail, against which the independent shipper has no chance to live. The committee in its recommendations states:

The committee believes that the disadvantages and abuses connected with steamship agreements and conferences as now conducted are inherent, and can only be eliminated by effective Government control; and it is such control that the committee recommends as the means of preserving to American exporters and importers the advantages enumerated, and of preventing the abuses complained of.

In the investigation by the committee it developed that certain ships were regularly used solely for the purpose of killing competition. To quote the exact words of the report:

Thus, in the North Atlantic passenger service, the evidence presented in the suit against the Hamburg-American Line et al. shows that in about the year 1908 the conference lines authorized the appointment of a committee for the purpose of selecting fighting steamers to destroy the competition of nonconference lines. This committee, according to the evidence, would select suitable steamers from any of the conference lines to sail on the same days and between the same ports, the regular rates being reduced to a point sufficiently low to secure the traffic. As already stated in this volume (p. 46) "the evidence in the Government's suit shows that such opposition sailings were repeatedly instituted against certain independent lines. . . . Any surplus of passengers which were booked for the fighting steamer, but which could not be carried by the same, would be transferred to other conference line steamers at the reduced rates. The expenses and loss from the lower rates resulting to any line whose vessels had been selected were distributed over the members of the conference. It was thus a case of all the lines united in conference opposing every sailing of a single opposition line. By distributing the loss over the several members of the conference each constituent line would suffer proportionately much less than the one line which was fighting the entire group and which would inevitably soon exhaust its resources in the conflict with the combined power of the large lines with their superior speed and better third-class accommodations."

The report shows that the same methods are still in vogue not only in passenger but in freight traffic as well.

The shipping interests look with concern upon the entrance of the Government into the field; therefore they oppose the Government's policy of purchasing, and especially oppose bitterly the Government's operating, ships. It is believed that it is not so much Government competition that is feared, for it is generally acknowledged that there is sufficient business, but they fear that the entrance of the Government-owned ships will be a protection to the independent companies which will surely enter the field if it is known that fair play and equal competition will be accorded to them.

THE PERSONNEL OF THE SHIPPING INTERESTS.

The question arises as to who composes the American shipping interests. An examination of the personnel of those interested in the various steamship lines reveals a system of interlocking directorates and a community of interest probably unparalleled in the history of modern financiering. By consulting Moody's Manual of Railways and Corporations and the volume entitled the Directory of Directors, one can readily appreciate that the administration, in its desire to benefit the people, has somewhat displeased the most powerful financial interests in the country.

The same interests are associated both in the foreign and coastwise shipping. The most prominent foreign shipping corporations controlled by American interests are owned by the International Mercantile Marine, a New Jersey corporation. This company owns the capital stock of the Oceanic Steam Navigation Co. (Ltd.), known as the White Star Line, which flies the British flag; the Atlantic Transport Co. (Ltd.), British flag; the International Navigation Co., which owns the American Line (American flag) and Red Star Line (Belgian flag); and the Dominion Line. The parent corporation also owns the controlling interest in the Leyland Line. The Atlantic Transport controls the National Steamship Co. (Ltd.). The number of steamers owned by the corporation on July 1, 1913, including those under construction, was 137, with gross tonnage of 1,280,410 tons, exclusive of tugs, lighters, and so forth. A large majority of their ships are under foreign flags. Moody's Manual states that the majority of the stock of the International Mercantile Marine is deposited under a voting-trust agreement. The voting trustees are J. P. Morgan and Charles Steele, both members of the Morgan firm; J. Bruce Ismay, P. A. B. Widener, and Lord Pirrie. Transfer agents are J. P. Morgan & Co.; and the register of certificates, Guaranty Trust Co. of New York. Among the directors are J. P. Morgan, Charles Steele, George W. Perkins, and E. J. Berwind.

The fleets of the United States Steel Corporation, Standard Oil Co., and the United Fruit Co. took advantage of the law of 1913 to register under the American flag. While the Standard Oil and United Fruit Co. have considerable fleets of ocean-going vessels, the United States Steel Corporation has only a limited number of ocean-going ships, these being composed principally of lake steamers. An examination of the personnel of the directors of these companies shows that J. P. Morgan, George W.

Perkins, and Elbert H. Gary are on the executive committee of the United States Steel Corporation and that Mr. William Rockefeller, largely interested in Standard Oil, serves on the board of directors of the National City Bank with Mr. J. P. Morgan and Mr. Frank A. Vanderlip and others, who it will be later shown are largely interested in coastwise shipping. The United Fruit Co. is largely composed of Boston interests, though it is said the Standard Oil Co. interests are large investors.

Investigation of the coastwise shipping interests develops a situation equally interesting. Nine-tenths of the Atlantic coast shipping is owned by the railroads and two corporations. The report of the House Committee on the Merchant Marine and Fisheries says:

The steamers of the railroad-controlled lines, combined with those of the Eastern Steamship Corporation and the Atlantic, Gulf & West Indies Steamship Lines, number 199, or 84.7 per cent of the above-mentioned total for the 28 lines, and represent 516,055 gross tons, or 93.9 per cent of the total gross tonnage. Not only do the railroads and the two shipping consolidations dominate over nine-tenths of the tonnage, but it is significant that very few of the principal routes on our entire Atlantic and Gulf coasts are served by more than one regular steamship line.

The railroad-controlled lines referred to in the report of the committee are the Southern Pacific, or Morgan Line, the Old Dominion Steamship Co., the Merchants' & Miners' Transportation Co., and the Ocean Steamship Co., or Savannah Line. These, with the Eastern Steamship Co. and the Atlantic, Gulf, and West Indian Steamship Lines, generally known as "Agwi," constitute practically the entire coastwise shipping for the Atlantic seaboard. It is a remarkable fact that the interests allied in the ownership and control of all of these coastwise lines are also associated in the foreign American shipping. Taking the companies in the order above named we find that in the Southern Pacific Mr. Henry W. De Forrest, a prominent director, serves on the board of the National Bank of Commerce with Mr. Henry P. Davidson, with J. P. Morgan & Co., with Mr. Frank A. Vanderlip, and Mr. William Rockefeller, of the National City Bank. Mr. L. F. Loree, another director, is on the board of the Seaboard Air Line Railroad and part owner of the Old Dominion Line. Mr. Ogden Mills, another director, is associated with the Pacific Mail Steamship Co., and he, with Mr. Cornelius Bliss, another director, are on the board of the United States Trust Co. of New York, on which board the same interests are found dominant.

The Old Dominion Steamship Co. is controlled by the Atlantic Coast Line, Seaboard Air Line, Southern, Chesapeake & Ohio, and Norfolk & Western Railroads. The same interests appear here. Mr. Frank A. Vanderlip, of the National City Bank, appears on the boards of two of the railroads. Mr. Charles Steel, member of the firm of J. P. Morgan & Co., Mr. Elbert H. Gerry, chairman of the board of directors of the United States Steel Corporation; Mr. Victor Morowitz, a prominent member of the board of the National Bank of Commerce; and others of the same interests are found on the boards of these railroads. The Merchants' & Miners' Transportation Co. was, until recently, owned by the New York, New Haven & Hartford Railroad, which, from recent investigations by the Interstate Commerce Commission and the Department of Justice, it was disclosed that this was controlled by J. P. Morgan & Co. The Government required the railroad to sell the Merchants' & Miners' interests. The new owners, however, belong to the same aggregation. The chairman of the board of directors of the Merchants' & Miners is on the board of the Atlantic Coast Line Railroad, of which J. P. Morgan & Co. are the fiscal agents, and others have similar affiliations. The Ocean Steamship Co.—the Savannah Line—is owned by the Central of Georgia Railroad. On its board are found gentlemen who are interested in New York banking houses with the Morgans and Rockefellers.

The Eastern Steamship Co. is a holding company which controls and operates 11 different steamship lines of the New England coast and controls practically the entire trade of that region. According to Moody's Manual, on June 30, 1913, the New England Navigation Co. owned two and a half million dollars in the stock of this company. Mr. J. P. Morgan is a director of the New England Navigation Co. The Eastern Steamship Co. is understood to be financed and largely controlled by Hayden, Stone & Co., of Boston and New York. G. L. Stone and J. W. Hayden of that firm are on its board of directors. The same firm are understood to control the Atlantic, Gulf & West Indian Steamship Lines, of which company G. L. Stone is vice president and H. R. Mallory, a member of the board of directors of the Eastern Steamship Co., is president. This company owns the majority of the stock of the Clyde Line, the New York & Cuba Line, Mallory Line, and the entire stock of the New York & Porto Rico Line and

the Texas City Steamship Co. Mr. Edward J. Berwind, one of the directors of the Atlantic, Gulf & West Indian Steamship Lines, the holding company for the various subsidiary lines, is also a director in the International Mercantile Marine, along with J. P. Morgan and George W. Perkins, and is on the board of directors of the Guaranty Trust Co. with Mr. T. W. Lamont, of the firm of J. P. Morgan & Co., and on the National Bank of Commerce with Vanderlip and others. Mr. Berwind is also the head of a big coal company in New York City, whose business is that of furnishing coal to the various steamship lines, one of which is said to be the Hamburg-American. His brother, Mr. John E. Berwind, is also an official of the Porto Rico Line and is president of the Maritime Register, the leading shipping paper of the country.

To sum up the entire situation, I am assured that an investigation will prove that over 90 per cent of the coastwise and practically the entire foreign American shipping is allied through interlocking directorates with the National City Bank, United States Trust Co., National Bank of Commerce, Guaranty Trust Co., all of which have for their fountain head the Rockefeller-Morgan-Perkins interests.

It is against this aggregation that the administration, representing the American people, finds itself. The shipping interests realize that the entrance of the Government into the field will break the chain by which they have the independents shut out. Government-owned vessels are what they most fear, for it means a breakwater—a bunker—a protection for the independent who now dares at his peril to invest a dollar in shipping against the powerful organization, but who would be willing to invest if fair play was allowed. My information is the same interests own, or are interested in, several of the big eastern newspapers. The vision of these papers is colored, and others are affected by revenues of steamship advertising. Therefore you find a stalwart opposition by the eastern newspapers to the Government policy.

In further reference to the question of American shipping the reason has been shown why the eastern papers and the Shipping Trust are opposed to the bill. The argument has been advanced by some of the eastern papers that the Government should not purchase ships, for the reason that there is no money to be made in the shipping business, and the Government would lose vast sums.

In rebuttal of this argument the following extracts are taken from Special Diplomatic and Consular Reports prepared for the use of the Committee on the Merchant Marine and Fisheries of the House of Representatives in dealing with the methods and practices of steamship lines engaged in the foreign carrying trade of the United States.

The following extract is from the report of Mr. H. P. Beecher, vice consul at Havre, France:

While the steamers of many lines run between Havre and various ports of the world, there exist between them no agreements, pools, or other combinations for the purpose of fixing tariffs, either for freight or passengers, of giving rebates, special rates, and other privileges or advantages, or for the purpose of pooling or dividing their earnings and destroying competition.

On the other hand, there exists between certain navigation companies (whose vessels, however, neither call at Havre nor are affected by French law beyond the enforcement of port regulations, dock dues, and pilotage) an agreement or combination.

It will suffice to name two of these:

First, The International Mercantile Marine Co. This combination includes the White Star, Dominion, Leyland, American, Atlantic Transport, Red Star, and Holland-America Lines, the last-named company having been absorbed since the company's organization in 1902.

In that year there was formed in the United States a shipping trust for the purchase and control of the stock of the first six named companies. Until that year the White Star Line, for example, was owned by a British company, the Oceanic Steam Navigation Co., and nearly all the stock was held in Great Britain. But on February 4, 1902, an agreement was concluded between the American syndicate and the White Star Line for the purchase of its shares. Each holder of a share of £1,095 in the Oceanic Steam Navigation Co. received £4,195 in cash and \$6,000 in preferred and common shares of the trust. The managers of the line, Messrs. Ismay, Imrie & Co., received 10 times their profits for the year 1900 and undertook for 14 years not to associate themselves with any other shipping enterprise trading to ports which the White Star had used.

The Dominion Line also received 10 times its profits for 1900, and Messrs. Richards, Mills & Co. the same. The Leyland Line was paid \$2,347,000 in cash. The American, Red Star, and Atlantic Transport Lines, which had been acquired earlier and formed the nucleus of the trust, were taken over for the payment of \$6,831,000 almost entirely in trust shares.

The trust created the following capital:

| | |
|--|---------------------|
| Common stock, dividend limited to 10 per cent until 4½ | |
| per cent debentures be paid off | \$9,980,000 |
| Preferred stock, cumulative interest at 6 per cent | 10,340,000 |
| 4½ per cent debentures | 10,550,000 |
| 5 per cent debentures | 3,740,000 |
| Total | 34,610,000 |
| | (Or \$169,000,000.) |

Besides this, there are £1,376,000 of debentures in the companies constituting the trust.

The best asset of the trust has been the White Star Line, which in 1910 earned a net profit of £540,000 on a capital of £750,000, after writing off £370,016 for depreciation. A dividend of 30 per cent was paid in that year by this company alone, and a balance carried forward or placed to various reserves, among which was an insurance fund, for which £100,000 was set apart, in view of the increase of the fleet. At the same time the best part of the insurance was underwritten at Lloyds. As an illustration of the White Star's prosperity it may be observed that in 1908 the dividend was 10 per cent and in 1909, 20 per cent.

On the other hand, the earnings of the combination have not been as great as anticipated, and the limiting of the interest on the common stock has been superfluous. No dividends have yet been paid on either preferred or common stock, and the former, with a nominal value of \$100, is quoted at \$64.

The purchase by an American trust of so many British ships caused considerable concern in England, where sharp criticism was aroused. As a matter of fact, British law forbids a British ship to be owned by a foreign corporation. As a compromise a special agreement was concluded between the American syndicate and the Government, of which Mr. Balfour was then premier, an agreement which provided that British vessels—i. e., American vessels flying the British flag—should be controlled by a committee of British subjects.

As a sequence to this, and while Mr. J. Pierpont Morgan remained the principal power, Mr. J. Bruce Ismay, Lord Pirrie, E. C. Grenfell, H. A. Sanderson, and other British subjects constituted the elements required by law. In this manner the contention of the British Government that "shares and not ships" had been sold was complied with.

In the meantime Mr. Morgan was negotiating for the purchase of the Cunard Line, a fact which decided the British Government to take drastic action to prevent that company's vessels from passing into the hands of the trust. Such a purchase, in connection with an agreement which the American financier had concluded with two great German lines, would have given the syndicate a monopoly of the Atlantic passenger and a part of the freight trade. This was felt to be undesirable and dangerous.

The British Government consequently concluded an agreement with the Cunard Line by which the ships of that company were to remain British. The money required to build the *Mauretania* and *Lusitania* was advanced by the State at a rate of 2½ per cent, and a special subvention of £150,000 a year for the working of the two lines was guaranteed.

Congressional report shows the existence of pooling agreements among practically all the lines. Mr. Robert P. Skinner, consul general at Hamburg, in his report states:

The most common device of the German shipowners for the maintenance of rates is the division of territory and the rebate system. It is stated that since 1890 this system has not been applied in trade with the United States. These pooling and rebate arrangements are national and international. A most striking example of these undertakings is the North Atlantic passenger pool, to which the conference lines, so called, are parties. These lines include all the best-known companies transporting emigrants from Europe to New York. As far as Germany is concerned the mechanism of the arrangement whereby all emigrants passing through Germany are directed to conference-line steamers is as follows: The Prussian Government has established 10 sanitary control stations at various points along the frontier of Russia. It is a requirement of law or regulation, with ample means for making it effective, that every emigrant arriving in Prussia shall first sojourn at one of these stations, where he is routed to the United States and forwarded to the seaboard. The carrying out of the administrative and sanitary sides of this work is entrusted by the Government to the Hamburg-American Line and to the North German Lloyd Line, acting jointly as concessionnaires.

Agreements also exist regarding freight rates. The congressional report further states:

Between the following trans-Atlantic steamship companies, Hamburg-American Packet Co., in Hamburg; North German Lloyd, in Bremen; Holland-America Steamship Co., in Rotterdam; Red Star Line, in Antwerp, the following freight agreement has been arrived at to-day:

The purpose of this freight agreement is to bring about a mutual understanding regarding freight rates to be maintained on a corresponding basis and to preserve to each separate company its share of the total income from the freight traffic.

This freight agreement comprises the total freight traffic of the above-mentioned lines from ports of the North German seacoast, Holland, and Belgium to ports of the United States; it further includes the traffic with chartered vessels as well as with the lines' own steamers, and it further includes the freight for dead weight as well as for live stock.

As a rule, a meeting will be held every four weeks by the representatives of the freight departments of the combined lines for the purpose of agreement regarding freight rates to be maintained and for the exchange of opinions regarding the status of the business and measures to be taken to meet competition. The fixing of rates, however, is not done by majority vote but by way of open agreement. The fixing of freight rates, even when such go below the fixed minimum freight rates, can be done, viz, for all ports by majority vote, for single ports by consent of all parties. Furthermore, the cancellation of freight rates can take place by majority vote.

Not only with Germany but with practically all the European countries these pooling agreements exist. Following the report of Mr. T. J. O'Brien, former American Ambassador to Italy, the congressional committee states in reference to the traffic with Italy:

Copies of the pooling agreements between the 12 steamship lines referred to in Ambassador O'Brien's report have been furnished to the Committee on the Merchant Marine and Fisheries by one of the interested lines. One is called the "Mediterranean freight-traffic agreement" of December 15, 1911, and has for its object the assurance to each group of lines (group 1 comprising the six Italian lines and group 2 relating to the Anchor Line, the Hamburg-American Line, North German Lloyd, White Star Line, Cunard Line, and Austro-American) a certain proportion of the freight on cargo loaded at all ports of Italy and Sicily to all ports in the United States of America and Canada.

The other agreement is called the "Mediterranean steerage-traffic agreement of February 8, 1909." By way of explanation, one of the companies interested draws attention to the fact that the steerage agreement was originally concluded in 1909, and in 1911 was renewed in its present shape with the exclusion of the Fabre Line; the latter company, although in principle willing to rejoin the contract, not having been satisfied with the participation quota offered to them.

This system of freight-pooling arrangements has not only existed between the American-European ports, but also between the United States and South American ports. The following is from the committee's report regarding South American traffic:

The reader is referred to the testimony of Mr. Christian J. Beck, freight traffic manager of the Hamburg-American Line, on pages 518 to 541, inclusive, of the hearings before the Committee on the Merchant Marine and Fisheries in the investigation of the so-called shipping combine. In his testimony Mr. Beck submitted the several freight and passenger agreements entered into between the Atlas service of the Hamburg-American Line and the Royal Mail Steam Packet Co.

Briefly summarized, the agreement of February 21, 1908, provides for—

1. A freight-pooling arrangement on the basis of 77½ per cent to the Hamburg-American Line and 22½ per cent to the Royal Mail Steam Packet Co. A margin of 5 per cent on the above proportion, however, is to be allowed each company, and if at the end of the year it is found that the actual total earnings of each company have amounted to less than the respective proportions of 72½ per cent by the Hamburg-American Line and 17½ per cent by the Royal Mail Steam Packet Co., then the difference between these minimum proportions and the proportions in the earnings shall be adjusted in accordance with certain rules adopted in the agreement. It is also agreed to ascertain, month by month, the quantity of cargo carried by the two lines, with a view to arranging the carriage in the agreed proportions, as far as possible.

2. A joint freight tariff to be agreed upon between the agencies of the companies in New York. The parties further agree to run their passenger steamers between New York and Colon alternately, as far as possible.

3. A division of territory. The Royal Mail Steam Packet Co. agrees not to extend its service to Haitian ports and Santa Martha, as far as sailings to and from New York are concerned, except in case of war with the Royal Dutch West India Mail Line, in which case the Royal Mail Steam Packet Co. is to receive the privilege of calling at Haitian ports served by the Dutch Line.

It should be stated here that the Atlas service of the Hamburg-American Line and the Royal Dutch West India Mail Line have an agreement with reference to the division of Haitian ports between themselves, a copy of which is found on page 524 of the hearings in the investigation of the so-called shipping combine. The Royal Mail Steam Packet Co. also expresses its intention not to extend its present service to the port of Port Limon, and in case this should be done the two companies agree to meet, with a view to making such arrangements as will least interfere with the interests of each other. In turn, the Hamburg-American Line agrees not to call at Trinidad and Grenada from and to New York, excepting with their cruising steamers.

The Hamburg-American Line, however, reserves for itself the service between New York and Puerto Barrios, but if more than a four-weekly steamer should be required the Royal Mail Steam Packet Co. is to have the option to share alternate steamers for the additional sailings.

On October 7, 1908, an agreement supplemental to the one of February 21, 1908, was entered into between the two lines. This agreement provided, among other matters:

1. That certain steamships of the two companies shall be dispatched from New York to Colon on alternate weeks.

Mr. Beck testified that these agreements had been renewed and are in existence to-day. He also testified that his line has no hard and fast agreement with the United Fruit Co., which also operates from New York to Jamaica and other ports enumerated in the above-mentioned agreement, but stated that it is tacitly understood that the United Fruit Co. will observe the same rates and conditions as the Royal Mail Steam Packet Co. and the Hamburg-American Line. This understanding with the United Fruit Co., however, is only a rate-fixing arrangement and does not involve a pooling agreement.

In reference to the methods of killing competition, the following is quoted from the report of Mr. Robert P. Skinner, consul general, Hamburg, Germany:

Any account of the methods and practices of the German steamship companies would be incomplete without reference to the Syndikats-Rhederel, a corporation through which are operated the fighting ships of the six largest Hamburg companies engaged in extra-European trade. Nominally, the Syndikats-Rhederel is a vessel-owning company, with a capital of \$1,428,000, engaged in commercial transportation enterprises. Actually, it is a defensive corporation owned, in respect to its capital shares, as follows:

| | |
|---------------------------------|-----------|
| Hamburg-American Line | \$785,400 |
| Hamburg-South American Line | 160,600 |
| German Steamship Co. | 154,700 |
| German-Australian Steamship Co. | 130,900 |
| C. Woermann | 119,000 |
| German East Africa Co. | 71,400 |

1,428,000

The above distribution of shares is apportioned with reference to the tonnage of the companies named. This fighting corporation was organized on December 19 and registered on December 23, 1905, and one-half of the original capital was paid in immediately. Four comparatively small and inexpensive ships were purchased, and these, with such others as may be chartered from time to time, are hired out to the six owners of the company to meet dangerous competition and to drive it away. The fighting ships handle chiefly bulk goods, leaving merchandise, which requires prompt transportation, to the care of the parent company, which maintains its nominal rates as far as possible, the stress of competition being borne by the fighting ships principally. In times of peace the fighting ships engage in regular trade on time charters. As this corporation is not one for profit primarily, the investment in reality is a new sort of insurance. The Syndikats-Rhederel made no money at the beginning of its history, this fact indicating that the ships were all actively engaged in commercial warfare, but last year the returns were favorable, as rates generally speaking, were higher and the regular lines required less expensive support. The manager of the company is Mr. Christian Friedrich Branslow, who is known to be a very careful and competent man.

The purchase of Government vessels would mean a constant vigilance against these secret combinations. Therefore it is against the interest of the Shipping Trust for the Government to own vessels, and they will do everything in their power to prevent the passage of the bill. An examination of the special diplomatic and consular reports, prepared for the use of the Committee on the Merchant Marine and Fisheries and edited by Mr. S. S. Huebner, will show a mass of evidence of the existence of these pools and agreements between various steamship companies plying to all continents of the world.

Following this up, may we not find clearly accounted for the resolutions of certain chambers of commerce which have been produced in the arguments on the other side—New York, Boston, Philadelphia, and New Orleans? The same controlling influences will appear in them all.

I requested Mr. Philip Manson, of New York, to advise me respecting the action of a committee of the New York Chamber of Commerce, and to give me as full information as he could regarding the officers and their associations, and as to the reasons for their opposition to this bill. I have his permission to use his letter. I think you will agree that Mr. Manson understands his subject thoroughly, and, while he frankly sets forth the facts, he is fair and without ulterior motives. His standing, character, and intelligence I do not believe can be questioned. This is his letter, dated January 18, 1915:

THE ATLANTIC COAST STEAMSHIP CO. (LTD.),
290 Broadway, New York, January 18, 1915.

HON. DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.

MY DEAR SENATOR: I have to-day received yours of January 15 and the copies of the report, the proposed substitution, and Secretary McAdoo's address, for all of which I thank you very much.

Your report is a masterly document, and I am amazed that the newspapers, in spite of their bias, did not give their readers the benefit of it to a greater extent than they did. It simply shows to what an extent the newspapers are owned, controlled, or influenced by the interests that would prevent the shipping bill from passing. This is a sad commentary on American journalism, but I know it to be true, as I was in the newspaper business before I became interested in the steamship business.

The opposition to the shipping bill comes chiefly from two sources, namely, the steamship interests and the so-called Wall Street interests. The steamship interests are opposed to the bill because they don't want additional competition, either governmental or private.

Wall Street interests are opposed to the bill for two reasons: First, because of the steamship interests which they own or control, and, second, because they fear that the success of this Government enterprise—and a great success it is bound to be—may result in Government ownership of telegraph, telephone, railroad, and other public-service corporations.

Without going into the pros and cons of Government ownership, the great concern that Wall Street has with regard to that is that under Government ownership the large profits which Wall Street receives from privately owned corporations every time they have a bond or note issue or other form of financing will be done away with.

However, Secretary McAdoo in his address has shown that the objection to the shipping bill on the ground of Government ownership is not tenable even if we were bound to consider it.

The opposition of the steamship interests is of the least importance, as they have not in themselves a very great influence with our legislators or the press.

The opposition of Wall Street influences is a much more serious problem to contend with. I am sure that they are spending large sums of money to kill this bill. A few weeks ago I learned of a fake marine association called the National Merchant Marine Association. After some difficulty I located this alleged marine association in the offices of the New York Life Insurance Co., and after interviewing the secretary I became satisfied that it was formed for the sole purpose of killing the shipping bill.

It is well known that the New York Times and the New York Sun are controlled by Wall Street interests. The New York Evening Post derives its existence from Wall Street. The Journal of Commerce is supported almost entirely by the foreign shipping interests and Wall Street. These are the papers that most strongly oppose the shipping bill. Newspapers outside of New York City attribute to the above papers a superior knowledge of shipping matters and follow their lead.

The position of such Republican papers as the New York Tribune and the New York Press on this bill can well be understood; nevertheless, being free of Wall Street influences, their party bias has not prevented them from endorsing the purpose of the bill and some of its features and to offer subsidy as a substitute, whereas the first-named papers damn the bill throughout, yet offer nothing in its place, the reason for which has already been indicated.

I now come to the request you make in your letter for information as to the men who control the New York Chamber of Commerce.

For many years it has been repeatedly charged that the New York Chamber of Commerce was not representative of the business interests of New York, but that it was controlled by Wall Street interests. The shipping interests are also owned and controlled by Wall Street interests, so the two are bound up in each other.

The following will prove this:

The president of the chamber of commerce is Mr. Seth Low, formerly president of Columbia University and a former Republican mayor of New York City. Mr. Low's present activities are confined to holding honorary positions, and his office as president of the New York Chamber of Commerce is regarded as one of them. Mr. Low may be depended upon to follow the lead of his fellow officers in the chamber of commerce, and it is with them that we are most interested.

Interlocking directors are indicated by letters, thus, (A.).

The officers and executive committee are as follows: (E. E.) J. Pierpont Morgan, vice president; director of the International Mercantile Marine (A.); New England Navigation Co. (B.); New England Steamship Co.; National Bank of Commerce of New York (C.); United States

Steel Corporation; Western Union Telegraph Co. (D.); New York Central and Hudson River Railroad; New York, New Haven & Hartford Railroad (E); Northern Pacific Railroad; West Shore Railroad; and others.

Frank A. Vanderbilt, member of executive committee. President and director of National City Bank of New York (H.); director of National Bank of Commerce of New York (C.); Farmers' Loan & Trust Co., of New York; American Security & Trust Co., of Washington; and Riggs National Bank, of Washington. Trustee of Consolidated Gas Co., of New York (I.) and Mercantile Safe Deposit Co., of New York; director of New York Edison Co.; Union Pacific Railroad; Chesapeake & Ohio Railroad; Hocking Valley Railroad; Missouri, Kansas & Texas Railroad; Norfolk Southern Railroad; Oregon Short Line Railroad; Oregon-Washington Railroad & Navigation Co.; and Seaboard Air Line Railroad. James Talcott, vice president. Director of the Manhattan Co. Bank, of New York.

William D. Sloan, vice president and member of executive committee. Director of National City Bank, of New York (H.); Guarantee Trust Co., of New York (K.); Guarantee Safe Deposit Co., of New York; Eastern Steel Co.; Mahoning Coal Railroad Co.; Central & South American Telegraph Co.; and Standard Roller Bearing Co. Trustee of United States Trust Co., of New York (L.).

A. Foster Higgins, vice president. Director and vice president of Compania Metallurgica Mexicana, and Sombretete Mining Co. Director and president of Mexican Northern Railroad. Director of Montezuma Lead Co., Mexican Lead Co., Potosi & Rio Verde Railroad, Teztlutlan Copper Mining Co., Crocker-Wheeler Co., and Knickerbocker Safe Deposit Co.

George B. Cortelyou, vice president. President and director of Consolidated Gas Co., of New York (I.), and director of New York Edison Co., which, with other companies, in all of which he is an officer or director, control the lighting and power business of Greater New York and vicinity. Also director of National Bond & Mortgage Insurance Co. and National Surety Co. (M.).

John I. Waterbury, vice president. Director of International Mercantile Marine (A.); Western Union Telegraph Co. (D.); American Telegraph & Telephone Co.; Western Electric Co.; Audit Co., of New York (N.); Chase National Bank, of New York (O.); United States Guarantee Co.; The Pacific Coast Co.; Chicago, Indianapolis & Louisville Railroad; and Louisville & Nashville Railroad (R.). Trustee of Alliance Insurance Co., of London.

T. De Witt Cuyler, vice president. Director of Audit Co., of New York (N.); New York, New Haven & Hartford Railroad (E.); and Interborough Co. (the New York subway); also director in many other transportation companies.

Frank K. Sturgis, vice president. Member of the governing committee of the New York Stock Exchange. Vice president and director of New York Quotation Co. and Standard Safe Deposit Co., of New York.

James G. Cannon, vice president. Member of executive council American Bankers' Association. Trustee of Associated Simmons Hardware Co. Chairman of the board of H. W. Johns-Manville Co. (Y.). Director of Bankers' Trust Co. (P.); Fidelity Trust Co., of New York; Fifth Avenue Bank, of New York (Q.); Metropolitan Trust Co., of New York (U.); Security Bank, of New York (A. A.); Transatlantic Trust Co., of New York; United States Mortgage & Trust Co., of New York (F.); United States Casualty Co.; United States Guarantee Co.; and Standard Milling Co. Trustee of Franklin Savings Bank, of New York (S.).

Anton A. Raven, vice president. President and trustee of Atlantic Mutual Insurance Co. (T.). President and director of American Bureau of Shipping. Vice president and director of Home Life Insurance Co. Vice president and trustee of Metropolitan Trust Co., of New York (U.). Director of Atlantic Safe Deposit Co.; Bank of New York; and Fidelity & Casualty Co. (V.).

William Skinner, vice president. Of William Skinner & Sons, silks. Member of board of managers of Silk Association of America. Vice president and director of Pacific Bank of New York. Trustee of American Surety Co. (G.). Director of New England Navigation Co. (B.); New York, New Haven & Hartford Railroad (E.); Boston & Maine Railroad; Boston & Lowell Railroad; Boston Railroad Holding Co.; Central New England Railroad; Hartford & Connecticut Western Railroad; Maine Central Railroad; New York, Ontario & Western Railroad; Poughkeepsie Bridge Railroad; Rutland Railroad; First National Bank of Boston; Irving National Bank of New York; Massachusetts Mutual Life Insurance Co.; and Equitable Life Insurance Co.

William H. Porter, treasurer; also member of executive committee. Member of firm of J. P. Morgan & Co. (E. E.). Director of Bankers' Trust Co., of New York (P.); Chemical National Bank, of New York (W.); Astor Trust Co., of New York (X.); Astor Safe Deposit Co., of New York; Fifth Avenue Bank, of New York (Q.); Guarantee Trust Co., of New York (K.); Title Guarantee & Trust Co., of New York; Pere Marquette Railroad; Fidelity & Casualty Co. (V.); H. W. Johns-Manville Co. (Y.); and Remington Typewriter Co. (Z.). Vice president and director of United States Life Insurance Co. (D. D.). Trustee of Franklin Savings Bank (S.) and Mutual Life Insurance Co.

E. H. Outerbridge, chairman executive committee. Director of United States, Bermuda & Caribbean Steamship Co. His family, as agents for the Quebec Steamship Co., a British corporation, have had practically a monopoly of the steamship business between New York and Bermuda and between New York and the Windward Islands for over 30 years. Mr. Outerbridge is also secretary, treasurer, and director of the Pantasote Leather Co. and director of the United States Life Insurance Co. (D. D.).

Welding Ring, member of executive committee. Director of Fourth National Bank of New York and Security Bank of New York (A. A.). Secretary and director United States & Australasia Steamship Co.

Philip A. S. Franklin, member of executive committee. Vice president of International Mercantile Marine (A.). President, manager, and director of Atlantic Transport Co. (Ltd.). Director of Atlantic Mutual Insurance Co.; National Surety Co. (M.); International Elevator Co.; and Terminal Warehouse Co.

Samuel W. Fairchild, member of executive committee. Treasurer and director of Fairchild Bros. & Foster, chemists. Trustee of Bowery Savings Bank, of New York.

Darwin P. Kingsley, member of executive committee. President and director of New York Life Insurance Co. (B. B.); trustee of New York Trust Co. of New York; director of Citizens' National Bank of New York; National Surety Co. (M.); and Louisville & Nashville Railroad (R.).

Isaac N. Sellgman, member of executive committee. Member of I. & W. Sellgman & Co., bankers; member of advisory committee of

Audit Co. of New York; trustee of Russia Insurance Co. of Russia; director of Anglo-London-Paris National Bank; Lincoln Trust Co. of New York; Mount Morris Bank of New York; and United States Savings Bank of New York.

Alexander E. Orr, member of executive committee. Vice president and director of Mechanics & Metals National Bank of New York; trustee of United States Trust Co. of New York (L.); and New York Produce Exchange & Safe Deposit Co.; director of Continental Insurance Co.; Federal Insurance Co.; Fidelity & Casualty Co. (V.); Harper & Bros.; and Queens Insurance Co. of America.

A. Barton Hepburn, member of executive committee. Chairman of board of directors of Chase National Bank of New York (O.); director of Bankers' Trust Co. of New York (P.); Columbia-Knickerbocker Trust Co. of New York; First National Bank of New York (C. C.); First Security Co. of New York; Fidelity Trust Co. of Newark, N. J.; Maryland Trust Co. of Baltimore, Md.; New York Life Insurance Co. (B. B.); American Cotton Oil Co.; F. W. Woolworth & Co.; Remington Typewriter Co. (Z.); Safety Car Heating & Lighting Co.; United Cigar Manufacturing Co.; Sears, Roebuck & Co.; Studebaker Corporation; and American Car & Foundry Co.

John Claffin, member of executive committee. President and director of H. B. Claffin Co.; trustee of Atlantic Mutual Insurance Co.; Commercial Union Assurance Co. (Ltd.) of London; United States Trust Co. of New York; and Palatine Insurance Co. (Ltd.) of London; director of Commercial Union Fire Insurance Co. of New York; German-American Insurance Co.; Home Insurance Co.; New York Life Insurance Co.; Astor Trust Co. of New York; Morristown Trust Co.; National Bank of Commerce of New York; and New York Life Insurance & Trust Co.

The committees of the chamber of commerce contain such names as: Alexander J. Hemphill, president of the Guarantee Trust Co. of New York, and connected with numerous other large banking institutions.

Mortimer L. Schiff, of Kuhn, Loeb & Co., bankers, and connected with many other banking and railroad companies.

Joseph B. Martindale, president of the Chemical National Bank of New York, and connected with many other large banking institutions.

Walter E. Frew, president of the Corn Exchange Bank and connected with other banks.

The committee on harbor and shipping has for its chairman, P. A. S. Franklin, vice president of the International Mercantile Marine. The other members of this committee are Herman Winter, an official of the Cunard Line; L. B. Stoddart, vice president and director of Bowering & Co., who own and operate the Red Cross Line, a British steamship company; Charles SooySmith, civil engineer; Gustav Lindenthal, civil engineer; Charles D. Norton, president of the First National Bank of New York; and McDougal Hawkes, lawyer.

The committee of five that handed in the resolutions of protest against the Government shipping bill had for its chairman Irving T. Bush, president of the Bush Terminals, which depends for its existence on the foreign steamship lines which use their docks and wharves.

This committee also included: George B. Dearborn, president of the American-Hawaiian Steamship Co., which is unalterably opposed to the idea of more steamship facilities except of its own.

Jacob W. Miller, formerly of the New England Navigation Co., but now vice president of the Cape Cod Canal Co., built by August Belmont & Co., bankers. It may be well to mention that the charges of the Cape Cod Canal Co. for tolls are so high that there is a considerable agitation for the Government to step in and take charge of it.

You will therefore see that the resolutions which the New York Chamber of Commerce passed against the shipping bill are in effect the resolutions of Wall Street and the shipping interests in their most concrete form. I venture to say that the facts shown by this list of officers of the New York Chamber of Commerce and the shipping companies and railroad companies and banking institutions in which they are directors, and in which they interlock to such a large extent, will be a surprise to most of the Members of Congress.

You will note that I have also shown the larger of the manufacturing corporations in which some of the officers of the chamber of commerce are directors. My reason for this is that a few days ago some of the papers published reports to the effect that the manufacturers of the country were against the shipping bill. It would indeed be strange if the manufacturers were opposed to this bill which has for its object improvement of shipping facilities and lowering of freight rates, all of which would be decidedly for the benefit of the manufacturers. But when you note that the manufacturers who have declared themselves against the bill are controlled by Wall Street interests their action is not so strange.

Regarding the Boston Maritime Association, the membership of that association is of the same nature as that of the New York Maritime Association. It consists of the shipping people of Boston, including officials of the foreign steamship lines. They naturally are opposed to the possible competition of a Government merchant marine.

I have before me a copy of their protest, and it is like all of the protests that I have seen against this bill, very much involved and without merit. It states the same fallacies as contained in the minority report of Senator BURTON; in fact, it appears to me that the minority report made use of the Boston Maritime Association protest for much of its argument.

Yours, very truly,

PHILIP MANSON.

I received this letter from Mr. Bush, which explains itself:

BUSH TERMINAL CO.,
100 Broad Street, New York, January 19, 1915.

HON. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SIR: I inclose a copy of the report of the special committee on merchant marine to the Chamber of Commerce of the State of New York.

In so doing I desire to make it clear that the report was not adopted by the chamber, and therefore represents only the views of the committee, which was composed of men acquainted with shipping matters, but without selfish interest in vessels in foreign trade.

Yours, very truly,

IRVING T. BUSH.

So I wrote Mr. Manson that he must be mistaken about the report being adopted or the resolutions passed. He replied as follows:

THE ATLANTIC COAST STEAMSHIP CO. (LTD.),
290 Broadway, New York, January 21, 1915.

HON. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Your letter of January 20 received, for which I thank you.

Relative to the action taken by the New York Chamber of Commerce on the shipping bill, the newspapers last Friday featured the fact that the New York Chamber of Commerce, according to action taken at their meeting the day previous, was opposed to the shipping bill.

I to-day called on the assistant secretary of the chamber, and he confirmed the fact that a resolution introduced by Mr. Bush had been voted upon and adopted. He read to me Mr. Bush's resolution, as follows:

"Resolved, That the Chamber of Commerce of the State of New York is opposed to the so-called Alexander bill and is opposed to its enactment."

Mr. Gwynne, the assistant secretary of the chamber of commerce, with whom I talked, explained to me that the Bush report consisted of two sections—one declaring that the chamber was opposed to the shipping bill, and the other recommending certain substitute plans to take the place of the proposed legislation.

Mr. Gwynne said that the portion of the report that disapproved of the shipping bill was voted on and adopted. That part that recommended certain substitutes for the shipping bill was referred back to the committee. It is being revised and will be acted upon at a special meeting of the chamber next Thursday.

In view of the foregoing I think that the only change necessary in my statement under that head is to change it to read:

"You will therefore see that the resolution which the New York Chamber of Commerce passed against the shipping bill is, in effect, the resolution of * * * etc."

Also to change the word "resolutions" on the first line of page 9 of my letter to the singular.

I noticed a certain degree of uneasiness in the chamber officials' discussion of the matter with me. Mr. Gwynne tried to minimize the importance of the chamber's favorable action on Mr. Bush's resolution. I think their action of last Thursday is meeting with some objection among the membership.

As to Mr. Bush's statement that his committee "was composed of men * * * without selfish interest in vessels in the foreign trade," these are the facts:

Mr. Bush is the head of the Bush Terminals (docks and warehouses), which are used by the following steamship lines, all of which are strongly opposed to the shipping bill for perfectly obvious reasons:

American-Hawaiian Steamship Co., Russian-American Line, American Exporters' Line, Austro-American Steamship Co., Società Anonima Trasporti Mestre, America-Levant Line, American & Manchurian Line, American & Australian Line, Norton Line, American & African Steamship Line, American & Indian Steamship Line, Dutch East Indies Line, Lloyd Brasileiro, Prince Line, Funch, Edye & Co. Lines, Royal Dutch West India Mail Line.

There may be more lines using Mr. Bush's docks and warehouses, but the above are sufficient to indicate that Mr. Bush's position in this matter is not totally disinterested.

Mr. George S. Dearborn is the head of the American-Hawaiian Steamship Co., which, as you will note from the above list, uses Mr. Bush's terminals. Mr. Dearborn's steamship company is benefiting tremendously from the present shipping situation, and is hardly likely to approve of additional steamship facilities.

Mr. Jacob W. Miller, formerly of the New England Navigation Co. (New York, New Haven & Hartford R. R.), and now of August Belmont & Co. and the active head of the Cape Cod Canal Co., which may have to fight being taken over by the Government because of the high tolls they are charging, is naturally adverse to a Government merchant marine.

The other two members of the committee, Mr. William Harris Douglas and Mr. J. Temple Gwathmey, so far as I know, have no particular knowledge of or interest in shipping. For them to conform to the views of the three members of the committee who do know the shipping business is entirely natural.

Yours, very truly,

PHILIP MANSON.

On the 22d of January Mr. Manson wrote as follows:

THE ATLANTIC COAST STEAMSHIP CO. (LTD.),
290 Broadway, New York, January 22, 1915.

HON. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I inclose a copy of the shipping report of the special committee of the New York Chamber of Commerce. They are, of course, unalterably opposed to a Government merchant marine, but in trying to make out their case they have rather helped the cause of the shipping bill.

The failure of the chamber to adopt the suggestions made in the report was because of that. It was undoubtedly a surprise to the powers that be in the chamber to have this committee repudiate the time-honored Republican doctrine that a subsidy is absolutely essential for the revival of the American merchant marine, and the correlated fiction as to the high cost of operating American vessels. According to the published accounts of the meeting last Thursday there was much objection to this part of the report.

The report says that the only vital thing necessary to induce private capital to establish an American merchant marine is for the Government to guarantee the bonds of steamship companies "whose character and standing entitle them to it." They modestly refrain from saying who might qualify.

I have always maintained, based on my own experience, that there is not over 10 per cent to 15 per cent difference in operating costs between American and foreign passenger ships, and the difference is much less for cargo boats. Now the chamber of commerce committee confirms my contention.

I believe that the subsidists' claims, which they made with such positive assurance, that it costs from 40 per cent to 50 per cent more to operate American vessels, caused Secretary McAdoo, at the House hearings on the Alexander bill, and the President in his last message, to say the Government line might run at a loss for a time. The opponents of the bill have seized on this to call the bill a "disguised subsidy." Now that there is a statement from this expert committee, unfriendly to the bill yet disproving the Republicans' claim of much greater operating costs of American ships, their pretext for calling the shipping bill a "disguised subsidy" may be disposed of.

It is an absolute certainty that, if this bill is passed, the Government line will be a big financial success, assuming, of course, that competent people are in charge, and there need be no difficulty on that score.

Yours, very truly,

PHILIP MANSON.

On the 27th came more light on the shifting position of the chamber of commerce, as shown by Mr. Manson's letter of the 26th, as follows, inclosing a clipping from the Times. He says:

THE ATLANTIC COAST STEAMSHIP CO. (LTD.),
290 Broadway, New York, January 26, 1915.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I inclose clipping from to-day's New York Times containing a summary of the revised report to be submitted by the special committee of the New York Chamber of Commerce on Thursday. Inasmuch as the shipping bill's opponents are making much capital of the opposition to the bill by certain chambers of commerce, and the newspapers opposed to the bill are basing editorials on such actions, I thought it well to point out to you that the New York Chamber of Commerce committee has turned a complete somersault on the most important points in their original report.

Their original report, repeatedly and with much detail, showed the falsity of the subsidists' claim that it costs from 40 per cent to 50 per cent more to operate vessels under the American flag; that in fact the difference was 5 per cent to 10 per cent only. The report showed that because of this false belief as to the greatly increased cost of operating American vessels, American investors have been scared away from shipping investments. The report repeatedly stated that a subsidy was not necessary; that only Government guarantee of private shipping companies' bonds would enable sufficient capital to be secured with which to establish an American merchant marine.

The revised report, signed by the same men, now says that our shipping industry can not be placed on a successful basis without subsidies, and proposes "a central board to ascertain, within a very few dollars, the exact difference in cost, ship by ship and voyage by voyage, between the operation of a vessel under the American flag and under any foreign flag." The report continues: "Much as this committee would like to believe that our merchant marine can be reinstated with a smaller amount of Government aid than this report proposes, as men of experience, and looking all facts in the face, the committee is bound to say that, in its opinion, nothing substantially less than is contemplated by this plan can be expected with any sort of confidence to bring about satisfactory results on an adequate scale."

The foregoing is heralded as their answer to Secretary McAdoo's challenge in his Chicago speech for opponents to offer a practicable substitute for the present shipping bill.

It will, of course, have occurred to you that before their plan can be acted upon it will be necessary to wait until shipping conditions and freight rates become normal, as it would be quite useless for the "central board" to work with present rates and conditions.

Rates and conditions will not be normal until a long time after the war ends; no one knows how long that will be. So even if one were to give serious attention to the recommendations of this committee, which so completely reverses itself, their plan is not a practicable one, and I believe that Secretary McAdoo and also you in the Senate called for a practicable plan.

Anything to delay action is the aim of the opposition. When the Alexander bill was up last session they said: "Put it over until the next session." Had action been taken then, the Government merchant marine would have been in operation to-day. Now they say: "Postpone action until next December." (See New York Sun, Jan. 9, clipping inclosed.)

I am sorry to have troubled you to return the copy of the Journal of Commerce letter. The notation to return which it bore was an old one. The Journal of Commerce did not publish that letter. That, however, doesn't alter the facts it contains.

In case they contain facts for you not previously stated, I inclose copies of recent letters to the New York Times and the New York Sun, neither of which were published, although letters opposing the bill find instant publication in those papers.

Yours, very truly,

PHILIP MANSON.

In this connection I submit some correspondence which has been placed in my hands by the Senator from New Jersey [Mr. HUGHES]. This indicates the activities of certain people against this bill and the methods employed. Here are "influences" which are "outside the Senate," and the country should know about them.

This is a letter to Mr. A. Rothschild, of Newark, N. J., dated January 15, 1915, on the letterhead of the United States Merchant Marine Association, 50 Church Street, New York City.

NEW YORK, January 15, 1915.

Mr. A. ROTHSCHILD,
Stengel & Rothschild, Newark, N. J.

DEAR SIR: The administration at Washington will continue to press to the limit of its power the so-called Alexander bill (H. R. 18666), proposing Government ownership and operation of merchant vessels, the Government investment to be \$30,000,000 and operating losses many more millions. This is a socialistic scheme, with international ramifications. The dangers to our Government and to private business involved in this startling project are so far-reaching that we believe you will gladly help us to defeat it.

Will you not immediately write to each of the Senators and Representatives from your State and to any other Senators and Representatives in Congress whom you can appeal to—and it would be well worth while to address them all—a special letter containing your strongest arguments and protests against a proposition so obviously and overwhelmingly bad?

It could not help, but prevent, future merchant marine development. No American capital would enter the business in competition with Government owned and operated ships, and, worse yet, Government owned and operated ships could not compete against privately owned foreign vessels. Government owned and operated merchant vessels competing for private business against foreign merchant vessels owned by private interests would certainly cause international jealousy and friction and sooner or later would bring about war, a fact which of itself ought to make this socialistic scheme impossible.

We are mailing this letter to 5,000 prominent business men throughout the country, asking for a good, solid, American protest against this Government-ownership scheme. We should, and would, mail 20,000 or 50,000 letters if we had the funds for stationery and stamps. If you will inclose your check for \$10, we will immediately devote the money to spreading this protest broadcast. The patriotic, conservative busi-

ness people of this country can not be aroused against this peril too quickly.

I give you my personal assurance that we shall leave nothing undone, night or day, to win. Will you not write these letters? Will you not write us?

Faithfully, yours,

WALLACE DOWNEY, Director.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Ohio?

Mr. FLETCHER. I do.

Mr. POMERENE. If I may interrupt the Senator, I wish to say that I think that letter has had pretty general circulation. A similar letter was sent to me by a large manufacturing firm in Cincinnati, and, as nearly as I can carry it in my mind, it is an exact duplicate of the letter which the Senator has read. Can the Senator from Florida inform us as to who this association are and whom they represent?

Mr. FLETCHER. I have no information on that except, as I say, from their letterhead and the letter of Mr. Rothschild to the Senator from New Jersey [Mr. HUGHES], transmitting the letter of Mr. Downey. I really do not know. I have said I have no information on the subject, but I should say I have no information that I should feel like vouching for. It has been reported to me that Mr. Downey was once in the shipbuilding business and he may be so yet. I am not sure as to that. I really can not say as to the association. Mr. Downey appears here, and he signs his name as director.

Mr. POMERENE. Mr. President, four or five days ago I wrote to this gentleman, in substance stating to him that, in order that I might be able to determine the weight which should be given to his protest, I should like to know who composed the association, and what interests they represented; but I have not been honored with an answer to my letter.

Mr. FLETCHER. I doubt if the Senator will get any reply to that. The accompanying copy of a letter to Mr. Downey from Mr. Rothschild reads in this way:

JANUARY 18, 1915.

Mr. WALLACE DOWNEY, Director,
United States Merchant Marine Association,
50 Church Street, New York City.

DEAR SIR: I have your circular letter of the 15th instant regarding the proposed shipping bill, H. R. 18666. In reply thereto I beg to say that I am not afraid of any bill which may pass in regard to this matter, as I certainly think that the Government ought to do something about shipping facilities, whether through temporary Government ownership or otherwise, in order to relieve the shipping congestion and exorbitant shipping rates in force at the present time. If the Republican Party when in power had passed the necessary legislation for subsidizing American ships, the present legislation would not be necessary; but any attempt of this kind was always defeated by the shipping combinations in New York. This country did not go to ruin when a bill was passed to build the Union Pacific Railroad, and I do not believe it will go to ruin if the Government sails some merchant vessels to relieve American shipping. I do not feel, therefore, like subscribing to any obstructive campaign to relieve the present situation.

Very truly, yours,

A. ROTHSCHILD.

The letter of transmittal from Mr. Rothschild to the Senator from New Jersey is as follows:

NEWARK, N. J., January 18, 1915.

Hon. WILLIAM HUGHES,
United States Senate, Washington, D. C.

DEAR SIR: I received this morning the inclosed letter in regard to the proposed shipping bill, H. R. 18666. I thought it might be of interest to you to know what was being done against it, and I am therefore sending it to you with a copy of my reply thereto for your personal perusal, and with sincere regards, I remain,

Very truly, yours,

A. ROTHSCHILD.

Mr. SMITH of Michigan. If the Senator will permit me, I listened with a great deal of attention to the previous letter, and it rather indicates that this man is in favor of a subsidy.

Mr. FLETCHER. I presume he is a Republican in New Jersey.

Mr. SMITH of Michigan. Oh, no; he can not be a Republican, because he said he had no influence there in that party in obtaining a subsidy for our ocean-going ships; but I should like to know whether he regards this proposition as a subsidy, and if it is quite satisfactory?

Mr. FLETCHER. I only know what he states in his letter; but I do not find that he states that he had no influence with the party. He indicates that the Republican Party when in power should have passed certain legislation, and it rather impresses me he would have been in favor of it.

Mr. SMITH of Michigan. He indicates that it was his desire that we should pass some subsidy legislation, and he bemoans the fact that the Republicans when in power did not do it.

Mr. MARTINE of New Jersey. Mr. President, I should like to inquire was this Mr. Downey—

Mr. FLETCHER. No; the last letter was a letter from Mr. Rothschild to the Senator from New Jersey [Mr. HUGHES] transmitting a copy of his reply to Mr. Downey's letter.

Mr. MARTINE of New Jersey. I recall very well the name Downey. Mr. Downey is connected with some shipbuilding organization, I think, in the State of New Jersey or in Delaware. I myself have received several communications from him, urging that "this iniquitous bill be stayed in order that the Republic might stand." I responded to him in quite emphatic terms, telling him where I stood on the subject.

Mr. FLETCHER. That is one of the letters, I take it, which is similar to the one I first read, sent out by Mr. Downey as director.

The junior Senator from Massachusetts [Mr. WEEKS], the Senator from New Hampshire [Mr. GALLINGER], and others have inserted in the Record various newspaper articles which signified that the press of the country was all one way. I am tempted to refer to some clippings, which give facts in some instances and opinions in others, which are not in accord with those which those Senators have read. I do not care to wade through all of them, but I should like to insert some of them as a part of my remarks.

The PRESIDING OFFICER. If there is no objection, the request will be granted.

Mr. JONES. If it is understood that we shall take a recess when the Senator from Florida is through, I shall not object to his printing in the Record the matter to which he refers.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida for permission to insert in his remarks the newspaper clippings to which he refers?

Mr. JONES. If it is understood that we are going to take a recess when the Senator gets through, I shall not object.

The PRESIDING OFFICER. The Chair hears no objection to the request of the Senator from Florida, and it is agreed to.

Mr. FLETCHER. I make the request in order to save the reading, though I should really like an opportunity to read some of them, as I think they might do some good.

Mr. SMITH of Michigan. I should like to hear them read.

Mr. JONES. I would not object to the Senator reading them.

PRESS COMMENT AND PUBLIC EXPRESSION.

The newspaper articles referred to are as follows:

[From the New York Journal of Commerce of December 7, 1914.]

5,000,000 TONS OFF SHIP MARKET—LOSS IN SUPPLY OF VESSELS SENDS UP FREIGHT RATES—EFFECT OF WAR ON COMMERCE SHOWN IN TIE-UP OF GERMAN MERCANTILE MARINE—REGULAR LINES HAVE DOUBLED AND TREBLED CARGO RATES—CHARTER RATES INCREASED—SPECTACULAR ADVANCE IN GRAIN FIXTURES.

A total of 5,000,000 tons in mercantile ships have been lost for a time to the world's commercial activities, bringing an era of high charter and berth rates as one of the direct and important results caused by the European war.

With 7s. 9d. the top figure paid for grain tonnage and 20s. per gross ton per month for a general cargo boat, rates for full-cargo steamers continue their upward advance with little indication that the crest of the ascending movement has been reached. Throughout the past two weeks factors in the chartering market have been watching rates increase and, in view of the extraordinary tendency in this direction, have not been inclined to commit themselves as to future prospects. The dominant factors in the present chartering situation are as follows:

First. The complete tie-up of the German and Austrian mercantile marines, with their many ramifications in the seven seas, is an important factor in the movement of the world's commerce.

Second. The continued withdrawal of British steamers from commercial service for use by the Admiralty. This has been variously estimated, but authorities figure that at least 500 vessels formerly employed in commercial services are now unavailable.

Third. The improvement in the foreign exchange situation, enabling the financing of cargoes, creating a speculative activity in exports of food products, shippers being assured of quick and profitable returns.

Fourth. The increasing demand for grain from Europe, it being estimated that export purchases in this country were amounting to 1,000,000 bushels a day.

Fifth. The comparatively low levels at which war-risk insurance is obtainable, removing one of the important obstacles that hampered commerce at the outbreak of hostilities.

Sixth. The reduced services by the regular lines operating to Europe, forcing American manufacturers who have taken contracts for supplying war materials to charter vessels in order to make agreed deliveries.

Seventh. The high space rates charged by the regular lines, berth charges being from 100 to 250 per cent higher than before the war.

Eighth. Owners of vessels available for charter are demanding compensation on a time basis in order to avoid losses in the event of being held up by the British authorities for examination and the probability of delay at the discharging ports in Europe, where the best dock facilities have been commandeered by the warring Governments.

It has been estimated that fully 5,000,000 tons in commercial shipping have been taken from service. The following table shows how tonnage has been affected by the war:

| | Number. | Gross tons. |
|--|---------|-------------|
| Total German and Austrian steam tonnage..... | 2,438 | 3,507,331 |
| British vessels commandeered..... | 1,500 | 1,700,000 |
| British vessels seized by Germany..... | 88 | 1,265,000 |
| Vessels lost by mines, etc..... | | 330,683 |
| Total..... | | 5,803,014 |

¹ Based on reliable estimates.

These figures are not entirely complete and do not include any other losses of French, German, Austrian, or Turkish vessels. It is therefore safe to infer that at least 5,000,000 tons have been taken out of the market.

The total German mercantile marine, including both sail and steam vessels of over 100 tons, amounts to 2,321 vessels of 5,082,061 tons. It is estimated that German shipping of a gross tonnage of 672,475 tons has been seized by the British authorities, while 406 German vessels, with a total gross tonnage of 974,226 tons, has been captured or sunk by the allies. In Russian ports German shipping to the extent of 114,488 gross tons has been seized, while a considerable amount is held in French ports. When the Germans captured Antwerp 32 German vessels, amounting to 114,000 tons, seized by the Belgians, were blown up by the retreating British troops.

The following tabulation shows the actual tonnage of the maritime nations having over 1,000,000 tons in mercantile shipping at the beginning of this year:

| | Sail and steam. | Gross tons. | Steam. | Net tons. |
|---------------------|-----------------|-------------|--------|------------|
| British: | | | | |
| United Kingdom..... | 9,214 | 18,696,237 | 8,514 | 11,109,580 |
| Colonies..... | 2,073 | 1,735,306 | 1,495 | 915,950 |
| Total..... | 11,287 | 20,431,543 | 10,009 | 12,025,510 |
| American: | | | | |
| Sea..... | 2,696 | 2,998,457 | 1,209 | 1,280,953 |
| Lake..... | 627 | 2,382,690 | 593 | 1,724,586 |
| Philippine..... | 77 | 46,409 | 69 | 27,080 |
| Total..... | 3,400 | 5,427,636 | 1,871 | 3,032,604 |
| German..... | 2,321 | 5,082,061 | 2,019 | 2,877,887 |
| Norwegian..... | 2,191 | 2,457,890 | 1,597 | 1,122,577 |
| French..... | 1,552 | 2,201,164 | 987 | 1,029,113 |
| Swedish..... | 1,436 | 1,047,270 | 1,043 | 551,904 |
| Austrian..... | 427 | 1,011,414 | 419 | 629,444 |
| Dutch..... | 759 | 1,309,849 | 662 | 794,840 |
| Italian..... | 1,114 | 1,521,942 | 591 | 773,818 |
| Japanese..... | 1,037 | 1,500,014 | 1,037 | 956,702 |

RATES DROPPED WHEN WAR STARTED.

With the advent of the war chartering rates slumped heavily. Many steamers that had been fixed in June and July for August loading were canceled, causing a surplus of tonnage in Atlantic ports. Owners of these vessels were glad to take any rate in order to keep their vessels in operation, with the result that a large volume of tonnage was fixed at figures under 2 shillings for various kinds of freights and voyages. One grain vessel was taken at Montreal to the United Kingdom with grain at 1s. 9½d. This was the lowest rate touched in the downward movement. On last Saturday the highest rate for grain to the United Kingdom from Baltimore (Montreal now being closed) was 7s. 9d.

The downward movement did not last very long, however. It continued through the month of August. The high rates demanded for war-risk insurance were a repressive factor, but when the European governments began to take stock and found that war supplies were urgently needed, and orders began to pour in on American manufacturers, the first improvement in charter rates came into evidence.

The surplus of tonnage gradually diminished and then chartering factors began to perceive that a scarcity was inevitable. This was attributed to the tie-up of German vessels, and it was at once seen that the volume of freight that was to be moved from the United States to Europe would necessitate the use of steamers of other neutral nations. Numerous small Norwegian, Swedish, Dutch, Italian, and Greek steamers, that never before had made trans-Atlantic voyages, were chartered on the other side to come here and take away merchandise.

The European Governments, belligerent and neutral alike, took an active interest in the chartering of steamers, so that the much-needed supplies of war materials and foodstuffs could be secured from this country without delay. Rates for full cargo vessels began to advance, and when 3 to 4 shillings was paid for grain tonnage charterers thought that the crest of the advance had been reached. Then word began to filter in that British tonnage, formerly available for commercial services, was being withdrawn for war purposes at a steady rate. First estimated at over 1,000 vessels, shipping authorities now feel that fully 500 steamers, ranging from 2,000 to 8,000 tons, are in the employ of the British Admiralty.

With the volume of freight constantly increasing and the prospects of fewer vessels being available, charter rates continued their upward trend. Starting about the middle of October, rates moved higher week by week without a reaction of any sort up to the present, when further advances are anticipated.

PREDICT 10 SHILLINGS FOR GRAIN.

Chartering factors who were interviewed on Saturday declared that 10 shillings for grain tonnage was a probability before the end of the year, while rates for other commodities would also continue to advance.

When the St. Lawrence closed, recent grain charters have been made out of the leading American ports. New York, Boston, Philadelphia, Baltimore, and Galveston are dispatching from two to three steamers a day each with full cargoes of grain. In spite of this heavy movement which has continued for over two months, the demand from Europe has not been satiated. Chartering of grain tonnage during the past week for December and January loading indicates that the heavy movement will continue well into next year.

One factor in the grain situation is that exports from the Argentine will be resumed in January. A cable received by the National City Bank on Saturday from its branch in Buenos Aires follows:

"The minister of agriculture of the Argentine Republic requests you to advise shipowners generally that excellent grain rates will be obtainable here from January to July for steam and sail tonnage."

Additional cable advices to the National City Bank report that the exportable surplus of grain from the Argentine will be as follows: Wheat, 135,000,000 bushels; oats, 75,000,000 bushels; linseed, 60,000,000; and corn (estimated), 40,000,000. It is also reported that the corn crop is now completed, wheat by January 15, oats by December 31, and linseed by December 15.

URGENT DEMAND FOR COTTON.

In the past month the foreign demand for cotton has grown to large proportions, but the volume of chartering has not been very heavy. One of the most important factors in this trade is the movement of cotton to Germany. American tonnage is absolutely essential for this movement in order to secure war-risk insurance. Cotton landed in Germany is worth from 14 to 18 cents per pound, while the average price here is about 8 cents. The factors in this movement who have chartered five American steamers to load during the early part of this month are charging from 2 to 3 cents per pound freight rate, as compared with 30 cents per 100 pounds paid for the same movement at this time a year ago.

Recently quite a few foreign vessels have been chartered to take cotton to Scandinavian ports, receiving from \$1 to \$1.30 per 100 pounds. The higher freight rate obtainable on grain charters has, however, caused vessel owners to ignore the cotton movement. But with the demand for cotton urgent and shipper seeking tonnage, rates will no doubt advance to a level that will make cotton a competing factor with grain.

The American steamers that have been taken for cotton movement are being compensated on a basis that will yield almost one-half of the value of a good-sized steamer in two trips. It is reported that a small vessel of 1,414 net tons will receive \$20,000 a month, while several vessels of larger capacity are to receive proportionately greater returns.

HOW CHARTER RATES COMPARE WITH A YEAR AGO.

In December of last year, with the charter market holding fairly steady and normal trade conditions obtaining, grain tonnage from Baltimore to the United Kingdom and the Continent was obtainable at 10½d. On Saturday similar charters commanded 7s. 9d. and upward. Cotton fixtures a year ago to Liverpool, Manchester, or Bremen were made at 25s. to 27s. Rates now range from \$1 to \$1.30 per 100 pounds. Last December general cargo boats were obtainable at 13 shillings. Now tonnage can not be secured under 16 shillings for the trans-Atlantic trade.

BERTH RATES MORE THAN TREBLED.

The regular lines, operating with a fewer number of vessels and sailings of the German lines stopped, have advanced berth rates from double to treble the rates in force at this time a year ago and, in fact, effective just before the outbreak of the war. The following comparative table shows the berth rates effective on Saturday, those quoted early in September when the rates first began to move upward, the charges made at the beginning of July when normal conditions obtained, and the rates demanded in December a year ago:

LIVERPOOL.

| | Dec. 5, 1914. | Sept. 5, 1914. | July 1, 1914. | Dec. 5, 1913. |
|---------------------|------------------|-------------------|------------------|------------------|
| Grain..... | 7d. | 2½ @ 3d. | 2½d. | 2½d. |
| Provisions..... | 30s. 0d. | 20s. 0d. | 17s. 6d. | 20s. 0d. |
| Cotton..... | 75c. | 20c. | 20c. | 30c. |
| Sack flour..... | 26c. | 20c. | 10c. | 14c. |
| Measured goods..... | 20s. 0d. | 17s. 6d. | 17s. 6d. | 17s. 6d. |

MANCHESTER.

| | Dec. 5, 1914. | Sept. 5, 1914. | July 1, 1914. | Dec. 5, 1913. |
|---------------------|------------------|-------------------|------------------|------------------|
| Grain..... | 7d. | 2½ @ 3d. | 1½d. | 2½d. |
| Provisions..... | 30s. 0d. | 20s. 0d. | 20s. 0d. | 25s. 0d. |
| Cotton..... | 75c. | 20c. | 20c. | 30c. |
| Sack flour..... | 26c. | 20c. | 10c. | 14c. |
| Measured goods..... | 20s. 0d. | 17s. 6d. | 15s. 0d. | 15s. 0d. |

LONDON.

| | Dec. 5, 1914. | Sept. 5, 1914. | July 1, 1914. | Dec. 5, 1913. |
|---------------------|------------------|-------------------|------------------|------------------|
| Grain..... | 7½d. | 3½ @ 3½d. | 1½d. | 2½d. |
| Provisions..... | 30s. 0d. | 20s. 0d. | 20s. 0d. | 22s. 6d. |
| Sack flour..... | 27c. | 21c. | 11c. | 14c. |
| Measured goods..... | 20s. 0d. | 17s. 6d. | 17s. 6d. | 17s. 6d. |

GLASGOW.

| | Dec. 5, 1914. | Sept. 5, 1914. | July 1, 1914. | Dec. 5, 1913. |
|---------------------|------------------|-------------------|------------------|------------------|
| Grain..... | 7½d. | 3½ @ 3½d. | 1½d. | 2½d. |
| Provisions..... | 32s. 6d. | 22s. 6d. | 20s. 0d. | 22s. 6d. |
| Sack flour..... | 29c. | 22c. | 13c. | 17c. |
| Measured goods..... | 25s. 0d. | 17s. 6d. | 17s. 6d. | 17s. 6d. |

HAVRE.

| | Dec. 5, 1914. | Sept. 5, 1914. | July 1, 1914. | Dec. 5, 1913. |
|---------------------|------------------|-------------------|------------------|------------------|
| Grain..... | 7½d. | 3½ @ 3½d. | 1½d. | 2½d. |
| Provisions..... | 40c. | 30c. | 30c. | 30c. |
| Cotton..... | \$1 | 21c. | 25c. | 40c. |
| Sack flour..... | 40c. | 30c. | 18c. | 22c. |
| Measured goods..... | \$10 | \$5 | 12½c. | 12½c. |

¹ Cubic foot.

[From The New York Press of December 14, 1914.]

A BIG MERCHANT MARINE FOR BIG FOREIGN TRADE.

Since the storm of war burst over Europe the disadvantage and folly of being destitute of a great and flourishing merchant marine such as this country once possessed has come home to the American people with stunning force.

We are a trading nation. We trade with all the world. The sum total of our foreign commerce has become a prodigious thing; it grows with the years, the months, and the very days.

In the last half dozen years our foreign trade has risen from some \$3,000,000,000 to some \$4,000,000,000 a year. Even with the disturbance caused first by the new tariff and then by the war, our imports for the twelve months ending with last September were \$1,874,-

776,939; our exports were \$2,218,134,580, or a combined total of very nearly \$100,000,000 more than \$4,000,000,000.

Now, as we are always to be a trading nation, and as we mean never to be at war because of any spirit of aggression on our part, what an inconsistent, stupid, irrational thing it is that we, who are to be far and away the greatest international traders in all the world, and that we, who are more immune from the natural causes of war than any other great power in the world, should have our vast foreign commerce entirely at the mercy of the other powers.

Just for lack of ships. Our neutrality is of no avail if other powers at war can not let us have their ships to freight our cargoes across the seas. Our stupendous products, the greatest surplus of food or of anything else, can be of no purpose in foreign trade whenever those nations upon whose ships we must rely to carry our exports as well as our imports are not free to sail the oceans.

We have relied upon Germany to carry a very considerable part of our foreign trade, not only as between us and Germany, but as between us and other corners of the earth. The fleets of the allies have driven the merchant fleets of Germany off the seas. And so, though we are at peace with all the world, though we have a surplus of products in all manner of things, and though many peoples in this hemisphere and in the other hemisphere have been beseeching us to send them some of our supplies, we have not been able to respond to the fullest measure of their demands and to the fullest capacity of our supplies, because we lacked those German ships upon which we had been dependent for a certain part of our overseas traffic.

We have had the use of British vessels, or rather such vessels as Great Britain and France could spare for our traffic, and with these we have had to make out as best we could, doing no trading at all with many, many cities and lands begging us to send them food or goods or whatever it might be they wanted.

But conceive what it would mean to our neutral commerce if, instead of England having swept the seas clear of the German merchant marine, the Germans had swept the seas clear of the British fleets of commerce. And conceive what it would mean to us if there were so nearly an even balance of sea power between Germany and England that the command of the seas were still in question, were being contested on all the waters of the globe. Then it would be as unsafe for English merchantmen to be abroad on the high seas as for German merchantmen.

We should still be neutral. We should still have abundant surplus supplies. The rest of the world would be asking for our surplus supplies, but we should be able to get no ships at all to carry our over-seas commerce.

What a position for a Nation to be in when it is destined to be the greatest trading Nation in the world! What a preposterous thing that its foreign commerce, even as between neutrals and neutrals, should always have to suffer just as if it were at war, just as if it were bottled up as Russia is bottled up by Germany and as Germany is bottled up by England.

But, peace or war, it is economic lunacy to be building the greatest foreign trade of all nations and yet to be permitting other countries to dictate the ocean freight rates, the insurance rates, and similar charges that foreigners might exact from our vast foreign commerce to eat up all its possible profits and advantages.

Conceive, if you will, a foreign trade not of \$4,000,000,000 a year, but of \$10,000,000,000 a year. It is just as sure that we shall go to the \$10,000,000,000 from the \$4,000,000,000 as that we have gone in no very long time from a few hundred millions to forty hundred millions.

And then conceive that this vast foreign trade of ten billions a year divides itself evenly, or nearly evenly, into imports and exports. Conceive that it divides itself into \$5,100,000,000 of exports and into \$4,900,000,000 of imports—or a trade balance in our favor of \$200,000,000 a year.

But conceive that to get that trade balance of \$200,000,000 in our favor on ten billions of foreign trade we have to pay freight, insurance, and similar charges twice or three times, even four times as much!

The net result of doing that sort of business is clear, isn't it? If we are to be the greatest trading Nation in the world, we must have a great merchant marine to carry our foreign commerce whenever wars among other powers deprive us of their merchant marines, which are the only bottoms we now have to do our carrying for us.

But if we are to be the greatest trading Nation, and if there are never to be any more wars by anybody anywhere, we still must have a great merchant marine to save for ourselves hundreds and hundreds of millions of ocean freight charges a year which can sponge off all our trade credits abroad and leave us very much to the bad to boot.

[From the New York Journal of Commerce of November 16, 1914.]

CHARTERING MODERATE—STEAMERS IN URGENT DEMAND FOR PROMPT LOADING—RATES STRONG AND TENDING UPWARD—SCARCITY OF BOATS AVAILABLE FOR NOVEMBER-DECEMBER LOADING.

A moderate amount of chartering of a miscellaneous character was reported in the steamer market, including several boats for grain and cotton cargoes to Europe. There is no falling off in the general demand for tonnage, and, as has been the case for some time past, the bulk of the orders are for prompt boats for trans-Atlantic business. Rates are very strong and continue to favor owners, due to the scarcity of boats in position to make November-December delivery at the loading ports. Grain freights offer freely, and there is an increasing demand for cotton carriers from South Atlantic and Gulf ports. In other of the trans-Atlantic trades, such as coal, deals timber, and general cargo, there is a steady moderate demand. Tonnage is also wanted for long voyage and South American business, but boats offer sparingly for business of the kind. The sail-tonnage market continues dull, and there are no indications of improvement in any of the various trades, and but little is doing in chartering.

[From Journal of Commerce and Commercial Bulletin, Monday, January 11, 1915.]

EXTRA SAILINGS TO MOVE OCEAN FREIGHT—BERTH-ROOM RATES STEADY, WITH TENDENCY HIGHER—STEAMSHIP LINES HAVE DISPOSED OF MOST OF EARLY GRAIN SPACE—MARCH AND APRIL SHIPMENTS TO UNITED KINGDOM IN DEMAND—LINES USING CHARTERED VESSELS TO COPE WITH FREIGHT.

In order to cope with the heavy movement of freight to Europe the trans-Atlantic lines have scheduled quite a few extra sailings during the months of January and February. Inquiry at the offices of various lines and among the large forwarding houses indicate that the volume of merchandise bound to the other side shows no falling

off. In fact, the demand for cargo space tends to indicate an increased movement during the first quarter of the new year.

Quite a few of the large trans-Atlantic lines have already disposed of their grain space for the balance of this month and for part of February. Grain-berth rates to the west coast of England are holding firm at 9d., while an extra half-pence is charged to the east coast ports. It was stated on Saturday that the recent activity in the grain market portends a continuation of the heavy movement of wheat, flour, oats, corn, and rye to Europe. Sales of grain for export during the past week have been estimated at 7,000,000 bushels. During the latter part of the week just closed, quite a little berth room for grain, April loading, to the United Kingdom was disposed of at 9d. The demand for cargo space to the Mediterranean still continues in excess of tonnage facilities, and on Saturday 12d. was being paid for late January and February loading.

To London the Atlantic Transport Line has scheduled 10 sailings beginning January 14 to February 13. The steamers *Manhattan* and *Manitou* are to be dispatched on Thursday, to be followed by the *Minnetonka* on Saturday. The *Marquette* sails January 20; *Menominee* and *Kansas*, January 23; *Minneceaska*, January 30; *Minneapolis*, February 6; *Manitou*, February 10; and *Minnehaha*, February 13.

Twelve sailings to Liverpool have been arranged for the period between January 13 and February 6. The *Megantic* (White Star), sails on January 13; *Orduna* (Cunard) and *Philadelphia* (American), January 16; *Georgic* (White Star), January 19; *Lapland* (White Star), January 20; *St. Louis* (American), January 23; *Transylvania* (Cunard), January 23; *Baltic* (White Star), January 27; *Lusitania* (Cunard), January 30; *Arabic* (White Star), February 3; *New York* (American), February 6; and *Franconia* (Cunard), February 6.

The Wilson Line is receiving a large amount of freight for transportation to Rotterdam with transshipment at Hull. The *Buffalo* sails on the 16th, to be followed by the *Marengo*, *Ghazee*, and *Morocco* on January 23, the *Aleppo* on January 27, the *Colorado* on January 30, and the *Francisco* on February 6.

To Glasgow the Anchor Line has the following steamers: *Anconita* on January 21, *Cameronia* on January 30, and *Tuscania* on February 13, while the Bristol City Line will dispatch the steamer *Wells City* on January 16, *Bristol City* on January 23, *Exeter City* on January 30, *Kansas City* on February 7, and *Chicago City* on February 14.

Sailings to Christiania and Copenhagen are planned by the Scandinavian-American Line as follows: *Tomsk*, January 16, and *Oscar II*, February 4. The Swedish-American-Mexican Line will send the *Nordpol* on the 13th; *Inland*, 14th; *Sydland*, the 18th; *Preston*, the 23d; *Balto*, the 28th; *Sorland*, 30th; and *New Sweden*, February 5 to Gothenburg. The Barber Line will sail the *Taurus* to Gothenburg on January 31.

Holland-America Line sailings to accommodate the increased movement of foodstuffs to the Continent are as follows: *Zyldik* and *Gorredyk* on January 11; *Nieuw Amsterdam*, the 16th; *Sommelsdyk*, January 19; *Potsdam*, the 23d; *Rotterdam*, the 28th; and *Ryndam*, February 2.

The French Line, Fabre Line, Greek Line, and the Italian Lines will each have several sailings during the month.

Not only from New York is the movement of trans-Atlantic freight very heavy, but also from Boston, Philadelphia, Baltimore, Newport News, Norfolk, and Savannah quite a few steamers are to leave with shipments of foodstuffs to relieve the scarcity in Europe.

The tendency in the cargo space market is upward. The demand for tonnage in the various trades shows no abatement, while the supply of available steamers does not begin to approach the requirements of the trade.

[From the Marine News of January, 1915.]
FREIGHT MARKETS OF THE MONTH.

No more than a year ago a steamer was thought to be doing well if earning under charter \$5,000 a month. It now excites little astonishment to hear of her receiving \$50,000. Carriers of grain are now getting 84d. and 9d. in freight money, compared with 2d. and 3d. half a year ago. The rate for general cargo had similarly advanced from 10s. to 30s.

But cotton has for the time being become the dominant factor. The freight rate for cotton advanced toward the end of last year from 35 and 40 cents to \$3 a hundred pounds. To put it in another way, the cotton freight rate is from 2 to 3 cents per pound as compared with 30 cents per hundred pounds paid a year ago.

In the scarcity of tonnage available for the cotton movement American steamers were engaged recently, receiving compensation on a basis that yielded almost one-half of the value of a good-sized steamer in two trips. A year ago grain tonnage from Baltimore to the United Kingdom and the Continent was obtainable at 1s. 104d. Similar charters have now commanded 7s. 9d. and upward. For general cargo boats which were obtainable at 13s. can not be procured under 16s.

With the trans-Atlantic cotton rate of \$3 taken as the basic rate, all other rates automatically rose in sympathy. This brought about its own check, and by the end of the year a falling off was noticed in westbound trade. The employment of chartered boats to carry special exports from Germany, like aniline dyes, potash, and other chemicals, put a further premium on bottoms, while the employment of vessels for relief supplies at heavy prices further enhanced tonnage rates.

Owners naturally held back their boats, waiting higher bids. The effect of this was seen particularly in the Rotterdam trade, when the Holland-America Line, finding that the westbound freight offering was falling off, ceased chartering on the liberal scale which had led them to engage more than 20 supplementary vessels. Tonnage prices became so prohibitive that other intending charterers retired from the market for the time. The difficulty of procuring freight space was thus materially increased, especially on the ships of the smaller regular lines of the neutral countries. Since most of the available space was taken up with foodstuffs and materials which the various Governments were taking for their own use, miscellaneous cargo was shut out and much left behind to congest the piers and warehouses.

Delays in contract deliveries and cancellations of orders consequently served to increase the irritation of shippers. Complaints found expression at Washington through the reports made by the Secretaries of the Treasury and Commerce to the Senate in response to the resolution calling for an investigation of the advance in ocean freight rates.

The first American steamer to arrive at Rotterdam was the *A. A. Raven*, from Wilmington, with 6,600 bales of cotton. The freight charges were reported by cable to be \$10 per bale, or five times the normal rate. The rate from Galveston to Bremen, according to the report of the Commerce Committee of the Senate, is ten times that which prevailed a year or more ago. The rates were driven higher by

the alarmists' reports about the navigation in the North Sea, while underwriters show a strong disposition to refuse to take risks excepting at premiums which altogether offset the prospects of exceptional profits. Meantime the great activity of the shipyards in England with orders for new tonnage and the large amount of second-hand tonnage likely to be put on the market helped to strengthen the opinion that the only cure for high freight rates would be the inevitable increase, sooner or later, in the supply of tonnage, the trouble thus working out its own cure. At the end of the year rates were advancing in other routes in the Far East and Australian trades. The South African agents found it necessary to advance their rates, and in the coast-to-coast route the low rates which had been set on the opening of the Panama Canal similarly took a strong upward tendency.

THE SHIP SHORTAGE QUESTION.
[Tampa Times, December 23.]

The Savannah (Ga.) News delivers itself of an editorial on the ship purchase bill which is well worthy of perusal. Says the News:

"The Senate Committee on Commerce is going to hold open hearings to determine whether there is a shortage of ships at this time to transport American products. The committee will quickly be convinced that there is. The evidence of it is apparent at this port and, it is fair to assume, at other ports. Practically all of the German ships engaged in the ocean carrying trade are now locked up in either home or foreign ports, and there are scores if not hundreds of them, and hundreds of British ships are in the public service as transports. The amount of American products to be transported abroad is as great as in any previous year, if not greater. No better evidence of a shortage is needed.

"The President is insisting that the Government shall begin the building up of a merchant marine by buying and building merchant ships. His purpose is to lead the way, since private capital does not seem to regard ships as a good investment. It is true, of course, that American ships can not be operated successfully in the foreign carrying trade in competition with foreign-owned ships under existing conditions, but it is clearly the purpose of the President to bring about a change in these conditions. If the Government owns ships, as is proposed, Congress will have the evidence brought home to it as to what changes in our navigation laws are necessary to make it possible for American-owned ships to compete successfully with foreign-owned ships.

"Of course, the Republicans are going to oppose changes in our navigation laws because of the protective principle in them. They have always advocated the building up of a merchant marine by means of subsidies. But a subsidy system within reason can be made to assist only swift, mail-carrying steamers. What this country particularly needs are freight carriers.

"If Congress should appropriate money for the purchase or construction of ships to be employed in commerce, they would be of a sort that could be used as transports or colliers, of both of which the Government is greatly in need. In transporting troops to Vera Cruz the Government had to hire ships at a very great cost, something like \$1,000 a day for each ship. The money it paid out for transports in that little affair was enough to build several large merchant ships. So if the President's plan of inaugurating the building of a merchant marine were adopted the cost to the Government would be practically nothing, since when it desired to go out of the ocean carrying business it could turn the ships over to the Department of the Navy, which greatly needs transports and colliers.

"It is doubtful if this Congress will settle this question of using the Nation's money to build up a merchant marine, but it is almost certain that the next Congress will. Government ownership of merchant vessels for a time is the most practical way of sweeping away the barriers that prevent the United States from having a great merchant marine."

THE SHIP-PURCHASE BILL.

Republicans in Congress and the Senate, who are lined up against the ship-purchase bill, are identically the same as those who tried to pass the ship-subsidy bill—a measure that did not propose to have the Government own or have any voice in the ownership of ships. It was a big benefit to private owners, and one on which the Government was to pay the freight. The arguments used for a ship-subsidy bill were that the shipping of the world was inadequate to the task of carrying all the trade of the world, and that in consequence the United States, being one of the smallest ship-owning countries, her trade suffered more for lack of ships than any other country. The further argument was used that the cost of labor in this country was so great that American ship builders and owners could not build and man the ships at as small a cost as other countries could do it, therefore there must be concessions from the Federal Government to enable the owners to exist as a business proposition.

Now that the Federal Government proposes to step in and do for the people of this country and our business interests what these men were willing that the Government should pay to have done, they are opposed.

There is no logic in the situation. There is little logic in anything a Republican Senator, who has always had his nose in the pork barrel, would do or would not do. The whole thing that invites this opposition to the ship-purchase bill is that the measure provides that the Government itself shall build or buy ships and operate them, and if there is a profit that profit shall go to the Government, as would any loss that might occur. This seems to be the only reason for opposition, that the passage of the bill would forever bar the way to any subsidies to private owners.

There has never been a time since the United States became a Nation that it is as important as it is now for us to have a merchant marine. It is an opportunity as well as a duty we owe the balance of the world. We are the only great, resourceful, producing nation not at war, and we are the reliance of all the other neutrals to keep things going along a straight line until the havoc in Europe is ended.

[From the New York Tribune, January 20, 1915.]

SHIPS EARNING VALUE IN YEAR—HIGH FREIGHT RATES YIELDING GREAT PROFITS TO OWNERS OF STEAMSHIP LINES.

At the present freight returns for all commodities being shipped from American ports steamship interests are reported to be making large enough profits to pay back the cost of their ships within a year. A man connected with the export department of one of the large oil companies finds that it is almost impossible to get freight room for oil exports to South America because most of the lines formerly going from North American points to the southern continent have been diverted to European trade or are interned. On inquiry it was stated to him that

ships used in European trade "pay for themselves within a year at the present average freight rates."

An exporter found the average freight rates from ports in the United States to various European points were more than \$20 a ton at the present time, while for the same lines and the same articles the normal average before the war started was \$3.20 to \$3.40 a ton.

One textile manufacturer, who exports largely to continental points, had a contract rate with one line. Large amounts of goods were to have been shipped by this line several months ago and were delivered to the agents. After several weeks the shipper found them still on the dock, and discovered also that all other contract goods had been left there, while the ships had been crowded with goods paying the ruling freight rates. The shipper went to the representatives of the Government under which the line was registered. His complaint was taken up after considerable delay, and the line finally was ordered by its Government to take his goods.

[From the New York American, Monday, December 28, 1914.]

MR. M'ADOO'S SHIPPING QUEST AND WHAT SHOULD COME OF IT.

Secretary McAdoo's call for information concerning the scarcity of ocean-going vessels, the lack of cargo space, and the high ocean freight rates exacted by those vessel owners who have space to offer should have the widest publicity.

It has a vital bearing upon the question of the rehabilitation of our American merchant marine.

The Secretary of the Treasury says that letters already received "show that the scarcity of vessels is so great and the freight charges are so high that American foreign trade is being seriously handicapped."

This official statement should put a quietus upon the chief argument advanced by certain newspapers—notably the Times and the Evening Post—against any governmental effort to build up and extend our merchant shipping.

To every suggestion for the purchase or building of ships by the United States Government to replace those withdrawn from the lanes of commerce by the war these newspapers have vehemently objected. "There are plenty of ships," they cried. "What is needed is cargoes, not ships. Cargo space is going begging." And so on, until the few readers dependent for knowledge of public affairs upon newspapers of this type might well have believed that there was no need for a larger ocean shipping list—American or otherwise.

Of course anyone with intelligence enough to read the sailing lists in the daily newspapers could see for himself that the course of these opponents of a truly national policy was one of deliberate falsehood. The published sailing lists, however, do not cover fully the carriers of 75 per cent of ocean cargoes—the "tramps," or other purely freight-carrying ships. It is among these that war's demands for auxiliary ships and the high rates of war insurance have caused a scarcity of available cargo space.

Mr. McAdoo's inquiry will elicit facts with which the shipping community is well enough acquainted, but which it is well to have in official form. But when he has the facts, what is he going to do about it?

When Mr. McAdoo's inquiry has demonstrated, as it infallibly will, that American commerce is handicapped and hobbled by a lack of ships to carry it on, the National Government should proceed to provide those ships. But it should not go about it in a way to provide fat pickings for a lot of favored politicians and contractors a few years hence, when the shipping lines have proved profitable.

"American ships for the American people" should be the guiding maxim; a small group of beneficiaries of public favors are not to be regarded as the American people. What the Government builds and develops it should hold for the common good. The blunder of Pacific railroads must not be repeated on the ocean.

[From the New York American, Thursday, January 21, 1915.]

STUPID AND UNPATRIOTIC FIGHT ON SHIPPING BILL.

In the fight they are leading against the bill providing for a merchant marine the filibustering Senators are fighting against the people of the United States.

Every day that they succeed in prolonging their filibuster is a day lost to American commerce.

This country needs ships. It needs them now. Until it has them its commerce must stagnate. Until there is a way open over-seas American goods must remain in storehouses, or taking the long chance of falling into the hands of countries for which they were never intended and which will never pay for them.

The bill has defects. That is admitted. But defects can be remedied. There is plenty of time for that.

The crying need of the moment is ships. The United States must buy those she needs for immediate use. She must build a fleet of her own as soon as possible.

Filibustering Congressmen and Senators must get out of the way. It is stupid and unpatriotic to oppose the bill. It is fighting against the immediate interests of the whole people.

None of the Senators in this filibuster has any argument to offer that can compare with the argument which grows out of the real needs of the American people.

Here is a case which requires the assistance of every patriot in Congress, which demands the use of all the influence the Executive can bring to bear.

The prosperity of the Nation, now and hereafter, depends on the up-building of its merchant marine. Delays are worse than dangerous in this case, they are calamitous.

If the opponents of the bill can not be made to see the truth, they must be suppressed. The fight they are making on an immediately necessary measure is too dangerous to be tolerated.

[From the Tampa Times, January 23, 1915.]

PASS THE SHIP-PURCHASE BILL.

Secretary of Commerce Redfield put some concrete facts before the National Convention on Foreign Trade at St. Louis yesterday concerning the feeling of Great Britain and France toward the proposed law to enable the United States Government to purchase ships and put them in the ocean freight-carrying trade. Mr. Redfield, who ought to know, says Great Britain does not object; and from equal knowledge of the condition of the ocean freight-carrying business he is authority for the statement that the shippers in this country are being robbed right and left by the steamer owners.

Dealing with the statement made by various opponents to the ship-purchase bill—it was rather a coincidence that Senator Lodge of Massachusetts was making the statement before the Senate at Washington even as Mr. Redfield was addressing the convention at St. Louis—that the United States is working in the interest of Germany and intends to buy German ships now interned in this country, thus actually aiding the German Government, the Secretary of Commerce uttered a stout denial and backed his statement with fact. He showed that offers to sell outright had been made in any number of instances recently by English and French shipowners, who are anxious to get out of business until their countries are through fighting. "Last week we could get English ships immediately; buy them by cable. I have propositions here now," said the Secretary. "I am getting weary of being told not to do certain things which we never thought of doing."

Mr. Redfield had with him letters and contracts showing that ocean-going freights had advanced as much as 300 to 400 per cent, and that shipowners are constantly breaking contracts and compelling shippers to pay exorbitant advances.

"The Panama Steamship Co. earned a profit of \$314,000 from its steamship operations in the 12 months ending June 30. That was after charging 6 per cent per annum depreciation on the ships," said the Secretary. "Extortion is closing American factories to-day and causing cable-stop orders at the time of our biggest opportunity. The violation of written contracts by shipping companies makes the robber of the middle ages look like a public benefactor."

Mr. Redfield said the steamer lines were doing things just now that would land any railway man who attempted similar holdups in jail. He continued:

"Two groups of private interests have asked that we hold up what we propose to do, and when I have asked them in return what they would do I got silence only. They come to me with prospectuses of steamship companies, admirably drawn, and the people are of the highest character and are sincere. When I put squarely to them this question: 'Will you operate a line of steamers that will take into primary consideration the interests of American commerce, that will take into account all the circumstances of the times, the extra cost arising from war risks, the delays, and the extra insurance' they say nothing."

The shipping interests are busy at Washington in an effort to kill a measure which, if enacted into law, is destined to build up our merchant marine and relieve our shippers of the extortion now being practiced.

[From the Washington Post, Monday, January 25, 1915.]

PROVIDING AN AMERICAN MERCHANT MARINE IS A NATIONAL NEED, NOT A PARTISAN ISSUE.

Providing the Republic with a merchant marine to fly the country's flag should not be made a political nor a partisan question.

For more than 30 years the Republican Party has failed in every respect to keep the pledges of its national conventions upon this subject.

The Democratic Party in its years of political power has made no better record as to its promises of a merchant marine.

For more than 10 years the Post has persistently urged action by the Congress upon this subject of such paramount importance to every citizen of the United States, but it was not until the present crisis as to ocean transportation arrived that serious efforts in Congress have been put forth to secure the needed legislation.

The losses in cotton to the planters of the South during the year 1914 would have paid for a score of dreadnaughts and for the construction of 100 first-class steamship freighters, and those losses could have been prevented if the Nation had possessed the ships.

As it is, the people have sustained the losses, and both dreadnaughts and steamships will have to be provided if the survival of our commerce is to be regarded.

Both political parties have been guilty of criminal neglect as to this, and both parties should unite to give the country the very wisest and the best legislation to provide for the present and the future.

Several things are clear as to what must be done if the interests of the Nation are made the prime object of the legislation.

Private capital alone will not and can not provide the country with a satisfactory service. Private capital has not occupied to any considerable extent the field vacant now for nearly 50 years. Private capital is fully aware of the cost and the impossibility of its competing for the world's ocean transportation as against cheaper vessels, lower-waged crews, efficient organization of foreign shipping combines subsidized in various forms by foreign Governments. Private capital in the United States is just as selfish and avaricious as is private capital abroad, and private capital in control of the operations and of rates would mean combination with foreign shipping combines and no relief to the interests of our merchants, our manufacturers, or those of the masses of the people of the United States.

The control of operation and of rates should lie with the Government, and the financial support in some form must be given by the Government, otherwise this country must remain at the mercy of its commercial competitors.

The Post does not advocate the administration measure as it stands to-day. It can be greatly changed for the better, amended, and transformed to serve the country in a practical, permanent, and successful way; and the leaders of the Democratic Party are but delaying action upon a vital national affair if they persist in trying to force the measure through as it reads at this time. They are doomed to failure in any such attempt.

The Republican Party has had 40 years of thought on this subject. What conclusion has its representatives in Congress reached? What measure have they to present as the line of Republican thought and action on this issue?

They have been charged with evolving no new idea on any political topic during the past 30 years. Are they about to plead guilty so far as the merchant marine of the United States is concerned?

They can not afford to play only the rôle of obstructionists to a Democratic bill. Let them prove their statesmanship by offering some better measure, by pointing out the defects of the present bill, and offering practical remedies for such defects.

The Republic must have legislation quickly for the establishment of its own marine.

The Post looks solely to the advancement of the interests of the country and to the prosperity of the masses of the people and considers both political organizations pledged to these results.

Partisanship should be set aside, political considerations promptly dismissed, and the Members of the Congress of all parties should unite upon legislation that will meet the demands of the American people.

[From the Florida Metropolis.]
AMERICAN MERCHANT MARINE.

There has never been an opportunity and duty like the present since the American Colonies declared their independence in 1776 and became the nucleus of a Nation. That duty lies along the line of producing and supplying the world with food and clothing and the necessities of life while Europe wars. The opportunity lies in seizing the trade openings all over the world and putting American products of mine and mart and factory into every nook and corner of civilization.

Europe has left the plow and the forge and the machine shop and the ship to pursue the dark death valley of war and waste, and America is the last of the great nations left to supply the world while Europe wars.

What does it matter if we raise crops doubly great, and if our factories increase their output twofold, if our foodstuffs, clothing, and supplies lie and rot in our fields and factories and on our docks and in our storehouses? What does it benefit Europe or us?

There is but one way to avoid such a calamity as that, and that one way lies in the buying or building and operating in this country under the American flag a merchant marine not only large enough to carry everything we have to sell, but everything that must be transported from place to place the world over, to continue trade and industry among the nations of the earth.

Commerce has been the forerunner of civilization. Had it not been for trade there would not to-day be half the globe covered with civilized people that are now representing civilization and human progress and enlightenment. It is trade that must keep the fires burning on the altars of civilization. It is trade that must supply the world with food and raiment while Europe wastes her men and her energies and her opportunities on fields of battle.

No other nation that is neutral stands any show of being able to build, man, and operate ships. It is left for America to do that. Our own prosperity and progress depends on our doing it, and we must do it now.

The Democrats in Congress and the Senate have made a start in the right direction to secure a merchant marine. The ship-purchase bill is not on as broad a scope as it should be, but it is a step in the right direction. It is a movement that means the accomplishment of great things for America, and every American citizen, no matter where he lives or what he does, or what his interest, ought to stand as one man behind the Democratic Party for the passage of the ship-purchase bill, and ought to speak in tones not uncertain as to their meaning and help the passage of this important measure.

And it is the duty of every Democrat to toe the mark and stand by his party in Congress, and by his country, and demand that every Democrat in both Houses of Congress do his duty and pass the bill.

GOVERNMENT SHIPPING BILL.

WASHINGTON, D. C., January 21, 1915.

Editor WASHINGTON POST.

Washington, D. C.

DEAR SIR: The opportunity presented to American manufacturers to secure a large share of the business of neutral countries due to the European war should not be translated to mean that the bulk of this business will come to us of its own accord. In each one of the neutral countries will be found most efficiently equipped industries that will prove strong competitors. It therefore behooves us to study the ways and means of securing this dislocated trade in the quickest possible manner in order to become sufficiently entrenched to maintain a permanent advantage.

In the process of developing foreign trade much preliminary work is necessary—an understanding of the particular products adaptable to each and every country, a knowledge of the methods of packing, proper banking facilities, and last, but not least, prompt and regular transportation service.

Our business with foreign nations will not be confined only to staple products, raw materials, and foodstuffs, but to the thousand and one specialties that at present contribute to the comfort and efficiency of our own highly developed civilization.

After resident agencies and wholesale distributors are established and direct introduction to the larger interests is secured our manufacturers will find themselves flooded with small sample orders, given with a view of testing the quality and serviceability of the product and its adaptability to the purchaser's requirements. But one of the most important considerations will be the promptness in delivery, particularly during the present world-wide depression which necessitates buying from hand to mouth. These orders will come not only from countries and important ports where we have at present fair shipping facilities, but from countries and ports where we have directly absolutely none. The transportation cost to many ports are now beyond all possible profit on what would constitute even liberal-sized sample orders, and in many cases the present minimum charge alone would eat up not only all profit, but much of the principal involved so as to preclude making small shipments. But the same products shipped in bulk or large quantities would prove handsomely profitable to steamship companies.

Our larger manufacturers who have for years been developing foreign trade are now shipping in sufficient volume to be indifferent to any suggestion that will overcome this condition, but the smaller manufacturers who are about to exploit foreign markets will find the seriousness of this situation.

The Government shipping bill introduced in Congress will open up at the earliest possible moment avenues of transportation not only to ports now amply covered by established steamship lines, but to countries and ports where such facilities are inadequate or do not exist.

Private capital will not engage in what would be for some time at least an unprofitable proposition, particularly at this time, and for the American people to wait for individual enterprise to fulfill the requirements as indicated would simply mean blocking every effort for trade expansion that is so necessary to the early return of prosperity to our country. The development of the West would have been retarded a generation had not similar foresight been exercised by the Government in its generosity toward the railroads.

Letters of inquiry regarding American products are pouring into importing and exporting concerns from every country on the face of the globe.

Are we going to embrace this opportunity of creating a world market for our varied products, or are we going to allow partisan politics and the selfish interest of a few powerful shipping concerns, not only American but foreign, to prevent the passage of this most vitally necessary law?

When a sufficient volume of business is established private enterprise will be quick to embrace the opportunities presented, and gradually, but surely, will competing independent lines be established to take over the business previously handled by the Government line.

Obviously, subsidies to private companies could not produce the immediate results required.

If this bill is passed, the writer sincerely believes that our international market will expand beyond the expectations of most people unacquainted with the possibilities, and that every trade route over the seas will be regularly sailed by a highly efficient and healthy competing American merchant marine.

WM. T. BUTLER.

EDITOR.—Mr. Butler was until recently general manager of the Manufacturers' International Sales Co., 320 Broadway, New York City.

[From the Evening Star, Washington, January 26, 1915.]

THE MERCHANT MARINE.

The Baltimore platform made this reference to the merchant marine: "We believe in fostering, by constitutional regulation of commerce, the growth of a merchant marine, which shall develop and strengthen the commercial ties which bind us to our sister Republics of the south, but without imposing additional burdens upon the people and without bounties or subsidies from the Public Treasury."

At that time the matter was on the old basis. Everybody favored, or so declared, the rehabilitation of the American merchant marine. As we had once been a carrying power on the sea, it was essential that we should become one again, and especially as sea traffic had grown to enormous proportions, and we were paying some hundreds of millions annually in freight rates to the foreign owners of foreign bottoms.

The controversy was over the method of procedure. How could the thing be done? Some advocated straight subsidies, and pointed to the fact that those nations with sea power of the carrying kind had established and were maintaining it by the granting of subsidies. How could we, it was asked, compete by other means? And by what other means?

This was opposed, on the ground that subsidies were un-American, and with us would lead to corruption and scandal. Better no merchant marine than one established and maintained on such a basis; and old-fashioned Democrats quoted repeated declarations of their party against all policies of a subsidy nature.

The war gave a new twist to the question. Suddenly we found ourselves in dire need of a merchant marine. We had none, and had not the time to build one for the emergency. Hence the proposition that the Government go into the sea-carrying business temporarily in order to relieve the situation, and buy ships owned abroad and now interned in American ports as a result of the war.

The President stands for the proposition, and so stoutly that he is willing to risk an extra session of Congress in pushing it. Many Republicans and a few Democrats oppose it, the former on the ground that it points and may lead to State socialism on a large scale, and the latter on the ground that it is a more objectionable form of subsidy than that their party has been thundering against for years.

While this proposition was known last fall, it did not figure prominently in the campaign. The tariff and business depression overshadowed all other issues, and in large part accounted for the rebuke to the administration administered at the polls. Public opinion has not yet been taken on this question.

[From the Nashville Tennessean and the Nashville American, January 25, 1915.]

FIGHTING THE PURCHASE OF SHIPS.

A certain class of newspapers and public men who have favored all the emergency measures adopted by the Government to meet a remarkable situation brought about by the European war are now throwing up their hands in holy horror over the proposition for the Government to purchase ships to meet the emergency in the shipment of exports.

When emergency currency was proposed, these men and newspapers said it was just the thing; when it was proposed for the Government to advance millions to bring stranded Americans home from the war area, these men and newspapers said it was a proper thing to do; they favored any and all measures that were meant to give relief to the money centers; they were so patriotic and considerate of the public welfare that they were willing for the public to come to the aid of any tottering industry or great, though struggling, commercial interest; they even wanted to allow American ships to pass through the Panama Canal without paying toll, and whenever the American ships wanted to hold up the Government for a subsidy they were for it; but now when the Government proposes to purchase ships to meet an urgent necessity these same men and newspapers strenuously oppose it, because they fear the Government will refuse to get out of the business after the war is over.

Those who are fighting the shipping emergency bill are the ones who have always been the champions of a ship subsidy in whatever form it may have been presented. No doubt they would now favor a bill providing for shipbuilding, for then the Shipping Trust would have a chance to get its hands into the fund; but they are not willing for the Government to buy ships for immediate use and to meet the emergency, because such ships would come into competition with privately owned ships which, though inadequate for handling the traffic, the owners want to retain whatever monopoly they have always enjoyed.

The Louisville Evening Post, a newspaper that is sound on economics and democratic principles, calls attention to the fact that the shipping charges have advanced on account of a shortage in ships and the shipping combination, and that now it costs \$15 a bale for cotton where the charge was formerly only \$1 a bale for carrying it across the ocean; and that 17 cents a bushel on wheat is now the rate, whereas formerly the rate was from 4 to 5 cents a bushel; and yet the eastern newspapers, that paper says, point to "high prices" for farm products as demonstration that the farmers are the most richly rewarded tollers in the world.

The Post gives the opponents of the shipping emergency bill this nut to crack:

"Let them go back to the primal market. Let them go back to the farms and see what the farmers are getting for wheat and cotton and corn and cattle—for all of these food products that Europe is clamoring for."

They will realize then that a good part of these fancy prices is absorbed by speculators, middle men, transportation lines on land and sea, and that the greatest extortioners are the shipowners.

It is to break this combination that the President has urged upon Congress the bill to purchase ships.

"Why should we not purchase ships to meet this emergency? We purchased the Panama Railroad, we built the Panama Canal for the relief of traffic, we subsidized with land grants and bond issues our transcontinental railroads; last summer we sent ships abroad for the relief of the interned or imprisoned Americans in the different nations of Europe."

CHICAGO, ILL., January 22, 1915.

HON. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.:

The directors of the Illinois Manufacturers' Association in special meeting January 20 make the following presentation to the Senators and Representatives from Illinois in Congress:

"The manufacturers of the Middle West want Congress to pass the ship-purchase bill because they believe that American ships are the only means by which the ocean rate competition can be met. Their foreign trade can not be developed with foreigners fixing the tariff for the hauling of their goods."

"The Illinois Manufacturers' Association has been the greatest agency in the Middle West for the stimulation of foreign trade. It has consistently and persistently kept up the agitation for years. It believes the American manufacturer is about to reap a harvest. Interest is developing in every direction. One thing, and one thing only, stands in the way, and that is that America does not control the ships carrying the American products."

You are therefore respectfully requested to use all your influence and to vote to secure the passage of the ship-purchase bill.

EDWARD N. HURLEY, President.

JACKSONVILLE, FLA., December 23, 1914.

Whereas it has been brought to the attention to the board of governors of the Jacksonville Board of Trade that there is now pending a bill before the United States Senate to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States, etc., and numbered Senate bill 6856; and

Whereas this organization thinks that this is a bill calculated to be of immense help in opening up routes of trade and getting our products to market: Therefore be it

Resolved by the board of governors of the Jacksonville Board of Trade in regular session assembled, That we most heartily approve the bill and urge its passage. Be it further

Resolved, That our Representatives in Congress, and particularly our Senators, be requested to use their best endeavors to secure the passage of the bill at an early date.

[SEAL.]

JACKSONVILLE BOARD OF TRADE,
CHAS. H. MANN, President.
W. N. CONOLEY, Secretary.

Mr. FLETCHER. I desire to submit a letter from Mr. Sidney Story, of Louisville, Ky., who has had experience and gained a thorough understanding of this subject, particularly as relating to South American business. Mr. Story wrote me on November 16, 1914, saying:

I read in the Cincinnati Enquirer of the 11th instant a report giving your views in regard to the "Need for an American merchant marine." It is not only refreshing, but encouraging to note expressions of this kind from men of your standing and influence nationally.

The letter then discusses the general subject, particularly with relation to South American trade, and I will ask to insert it without further reading.

The PRESIDING OFFICER. If there is no objection, the request will be granted. The Chair hears none.

The letter referred to is as follows:

NORTH AND SOUTH AMERICAN TRADING CO.,
Louisville, Ky., U. S. A., November 16, 1914.

Senator DUNCAN U. FLETCHER,
Washington, D. C.

MY DEAR SENATOR: I read in the Cincinnati Enquirer of the 11th instant a report giving your views in regard to the "Need for an American merchant marine." It is not only refreshing but encouraging to note expressions of this kind from men of your standing and influence nationally.

We are a Nation enjoying profound peace, with a bountiful overproduction from forest, field, and factory. Our foreign commerce is seriously handicapped, simply because we have no delivery wagons to take our manufactures and foodstuffs to the nations who need them. This plight of ours is indeed pitiable, not to say humiliating.

I have given some thought to the study of this question, for in 1911 and 1912 I made two lengthy visits to South America and negotiated with one of those Latin Governments south of the Equator a mail contract for an American line if installed. The contract was for not less than \$500,000 a year for a monthly service, the ships to be of not less than 12,000-ton capacity and 16-knot speed, and three years were given the said proposed American steamship company to build American ships, but in the meanwhile said American company to have the right to use by charter or purchase foreign ships of reasonable speed and tonnage.

There were many other privileges granted in this contract by the South American nation. One of the conditions of said contract was that the American steamship company should at least raise \$3,000,000 by the sale of its stock and secure from the Government of the United States a mail contract to Brazil, Uruguay, and Argentina.

The dense ignorance of the American people in regard to the need for ocean transportation prevented these plans from developing. The response of business men and shippers in America to an appeal for aid to an American shipping proposition has always been "Let George do it," which means we are satisfied with the service given us by our commercial rivals—England, France, and Germany.

These same smart, intelligent, American business men, who are close figurers at home when it comes to the question of railroad tariffs, display an amazing ignorance as to ocean freight rates in the expansion of our foreign trade.

The foreign subsidized American newspapers have for years molded public sentiment to believe that Americans can't run ships and that it is better for us to employ the delivery wagons of our foreign commercial rivals, who wring annual tribute from our commerce to the tune of

hundreds of millions, and by their arbitrary and discriminatory tariffs keep us out of lucrative markets which would be ours if we only controlled the carriers.

Foreign subsidized newspapers, as well as certain press bureaus in this country, financially supported by foreign boards of trade and foreign steamship trusts, have been potent factors in blinding the people of America. Sinister influences have capitalized the prejudices of sections and parties to beloud the issue and make the voters take fright whenever the bugaboo of subsidy or preferentials is mentioned.

The South American nations are as great sufferers as we are. Like ourselves, they have little or no shipping and have been dependent entirely upon the foreign European ocean octopus to handle their foreign commerce.

Since the beginning of the European war it is not difficult to realize that foreign influences have been at work to defeat legislation that would give us relief from the present unparalleled, humiliating, and impotent situation in which this great Nation finds itself as regards its foreign commerce. No sooner is a measure passed by Congress which contemplates the purchase of German ships marooned in our harbors than diplomatic strings are pulled and the bugaboo of international intervention and treaty violation are waved in our faces. This is done to frighten American capital from investing in American steamship lines.

No one is fool enough to believe that we can buy any British, French, or German ships which have been withdrawn from the sea and are now anchored within fortified harbors. The Europeans are not such asses as to sell us their good ships so that America might build up a merchant marine and take possession of the ocean trade routes and thereby accomplish European commercial strangulation. Both Germany and England can better stand a 10-year war than to see America take possession of the trade routes with an American merchant marine. "Uncle Sam," who has been developing some aggressiveness during the last decade in the South American fields, is coming in for a share of this envy and jealousy, and it won't be long before powerful rivals will be trying to clip our wings.

In this connection I beg to attach an interview which I prepared for one of our papers last spring. You will note it refers to the exaggerated reports that reach us via London and France about things generally in South America. I think it would be well worth your time to read this interview.

The European nations have been indeed clever at the game. Their statesmanship has been farsighted and aggressive, and it has kept pace and, in fact, in the lead of their commercial advance.

With the control of the cables to South America; with the control of native newspapers, published in their own languages in all the leading centers of Latin America; with their European bank system controlling the finances and gobbling up all the federal, state, municipal, railroad, and industrial bonds; and with their control of the news service, which enables them to furnish North and South America with a few items concerning each other after said items were first censored in London; and with the absolute monopoly of the ocean carrying trade, no wonder we have not been getting more than 15 per cent of the immense foreign commerce of these Latin-American nations.

To him who is familiar with the history of America the fact is self-evident that Europe, and notably England, has been fighting America's effort to build up her maritime interests since 1782. You will remember that after the Revolutionary War England passed in her Parliament many drastic laws aimed at United States shipping. She even forbade American ships under the American flag to enter British ports, and our Continental Congress in 1782 granted in retaliation a 10 per cent preferential to all goods imported in American bottoms. This resulted in the development of our maritime interests so that in 1812 we carried 85 per cent of our foreign commerce, whereas to-day we only carry 5 per cent, and yet have 95,000,000 more people in the land, with an annual foreign commerce of four and one-half billion dollars.

The War of 1812 was forced on us because England was jealous of our maritime development. In 1814 we signed the treaty of Ghent, practically at the point of a bayonet, which gave us peace, but sealed the doom of American merchant shipping, for the signing of said treaty was conditioned on President Madison repealing the 10 per cent preferential, which, in 1782, had been granted by the Continental Congress and which had built up her maritime supremacy in a few years. From 1814 to 1860 the history of the American merchant marine is full of struggles and disasters, due to the ignorance of backwoods legislators, whose minds are molded and prejudices capitalized by the subtle intrigues of foreign lands, who are determined that America shall remain a vassal among the nations, paying tribute to Europe for the carrying of American commerce. This humiliating chapter in the annals of our country bears out the warning of the immortal Washington, who, in his message to the American Congress urging legislation for the upbuilding of our merchant shipping, said, "The nation that controls the sea will control your commerce, and the nation that controls your commerce will dominate you politically." Every President, from Washington down to and including Woodrow Wilson, has ardently and strenuously advocated legislation favorable to an American merchant marine; but, strange to say, Congress has never hearkened to their appeal. Even now the preferential in the Underwood bill, which would grant relief to American shipping, is hung up in the courts by the foreign European shipping trust.

The present European troubles should teach us a great lesson. The American people, from ocean to ocean, are discussing the war and its effects on American commerce, and I believe the American people are now beginning to realize the humiliating and impotent state of this great Nation in respect to its foreign commerce. I believe the American people are beginning to see that, internationally speaking, "We have been asleep at the switch" and that our statesmanship has been shortsighted.

President Wilson not very long ago, in an address of his, said, "We must build a merchant marine if we want to expand our foreign commerce. If not," said Mr. Wilson, "we must then be content to remain within the confines of our own domestic development." This, of course, would mean stagnation as well as retrogression. President Wilson further stated on another occasion, "We have now reached the time when we must rise to greater heights and take a broader view of affairs internal and external." The President no doubt meant it is about time, for the American people should not be satisfied to remain a nation of peddlers and home traders; that we must cease to be content with swapping jackknives among ourselves, as we have been doing for half a century past, and must step out into the arena of international commerce and build up our commerce so as to build up a trade balance in our favor that will show an annual net profit.

The trade balance which "Uncle Sam" publishes annually of several hundred millions is misleading. Against that enormous trade balance should be charged up the millions we pay to foreign shipping to

carry our commerce; the millions we pay to foreign banks, through whom we finance our foreign commerce; the millions some of our countrymen send to their families in Europe annually; the millions American tourists annually take out of American and spend in foreign capitals; the millions we pay in the nature of dividends on foreign capital invested in American enterprises. When we charge off all these items, instead of a trade balance in our favor we will find a trade balance against us of several hundred million dollars annually, which accounts for our tremendous shipments of gold to Europe.

The conclusion is that the basic foundation of all development is transportation. It is the base of the triangle, of which agriculture and industry are the other two sides. This spells commerce, which is the lifeblood of nations. It is time, therefore, for American statesmanship to realize that government and business must be partners; that international statesmanship must march hand in hand with our foreign commercial development.

We have just built a great canal at the cost of \$400,000,000, and yet we have but few American ships engaged in transmarine service to use it. We have built it, therefore, for the use of our foreign commercial rivals, to enable them not only to extend their further commercial conquests, made easier by the shortening of trade routes due to the Panama Canal, but to enable them also to take away from us what commerce we now have. What we should do is to get busy. Now is the time for action. Now is the time when we can capitalize the psychological moment and lay the foundation for the building of a merchant marine under the American flag, without which it will be impossible for this Nation to maintain prosperity within her borders.

We are exporting less foodstuff every year. England is spending millions annually to develop the cotton industry of other countries in order to insure her independence of American cotton. This is simply following out her old policy, which we must all agree is a wise and sagacious one from the English standpoint. England aided and encouraged the development of cattle raising in Argentina in order to insure independence of American beef, and to-day Argentina, or rather previous to the European war had been, supplying Europe with beef, whilst Australia has been supplying the world, practically speaking, with mutton and wool. For some years back England has been encouraging the growth of rubber in East India to emancipate her from dependence on Brazilian rubber. This she can very well do, since she controls a monopoly of transportation, not only on the sea, but on the Amazon. The British East India production of raw rubber to-day equals that of Brazil and is fast displacing the Brazilian produce, because England has practically a monopoly of ocean transportation. In time the Brazilian rubber industry, which now faces a crisis, will be destroyed and the world will be dependent on the British East India production. Following her wise statesmanship, England will see to it that the British manufacturer gets the inside track. Where will Mr. American Manufacturer get his raw rubber? He will be dependent on the British East India production, which will favor the English manufacturer first, and Mr. American Manufacturer will be compelled to close down his rubber factory and remove to England. The only thing that can deflect such a possibility is American transportation, operated in the interest of American commerce from the ports of our country to South America and the world generally.

The commerce is there waiting for such lines, and the rates of freights are profitable to such investments, as evidenced by the dividends recently declared by the Hamburg-American and other steamship lines, as well as by the volume of commerce which flows in and out of this Nation annually.

I will say for your information that you will note from the testimony taken before the merchant marine congress on January 7, 1913, that I was a witness in the foreign steamship trust investigation, which revealed the doings of some of our foreign friends in the South American fields in their efforts to keep "Uncle Sam" out.

I am a member of the New Orleans Association of Commerce and a member of the merchant marine committee of said association.

Awaiting the pleasure of hearing from you, I beg to remain,
Yours, very cordially,

SIDNEY STORY.

SOUTH AMERICAN TRADE.

Mr. FLETCHER. Mr. President, dealing somewhat further with the trade of South America with a little more particularity, but in a condensed way, I desire to call attention to some of the opportunities for extending South American trade.

Argentina is a very prosperous country. It is largely agricultural. Of all the exports of the world to South America Argentina takes above 60 per cent. Of all our exports to South America Argentina takes about 40.3 per cent. That Republic affords an important market for manufactured products. Vessels are needed to meet the demands of commercial interchange. Small cargoes and trustworthy agents, the minister points out, are the main factors required to organize the trade which should be placed on a similar basis of credit as that practiced by European countries. Agricultural implements and manufactured goods of all kinds are wanted, and the minister estimates that the consumption market of Argentina can be increased \$100,000,000 over present exports to that country. That market includes unrefined naphtha, wood, iron, machinery, petroleum, furniture, typewriters, machines, coal, steel rails, galvanized iron, woolen goods, pig and sheet iron, cement, locomotives, railway cars, refined sugar, automobiles, steel wire, rail joints, sheet zinc, cotton fabrics, printing paper, electric wire and cables, iron piping, household articles, clothing, and so forth. Return cargoes include hides, wool, quebracho, tannin, and so forth. The laws of Argentina permit the establishment of branches there by United States bankers.

In Uruguay the great packing houses on the River Plata are under American control. This is largely an agricultural country, needing agricultural implements, machinery, and manufactured articles, and goods similar to those mentioned above for Argentina. Both these countries have hides to sell. We could send them shoes, belting, valises, and other goods in exchange.

Colombia and Paraguay have hardwood for sale. Let them have axes, tools, machinery, and furniture in exchange. Colombia will exchange Panama hats, coffee, rubber, sugar, vegetable ivory, precious stones, and her varied products for cotton goods, implements, grain products, and manufactures of various kinds.

Brazil wants a market for coffee and rubber, and she needs conveyances, engines, machinery generally, our flour, and our cotton goods. Antwerp has heretofore taken a considerable portion of Brazil's rubber. We can exchange automobile tires and rubber goods for it.

Venezuela needs our oils, cereals, lumber, and manufactured goods. With these we can buy her cacao and coffee.

Bolivia wants locomotives, which we can swap her for tin. She furnishes about one-fourth of the world's annual output of tin, which has been going to Hamburg.

Ecuador furnishes about one-fifth of the world's supply of cacao. We can exchange cocoa and chocolate for the cacao beans.

Chile would like to sell her nitrates. We can send her harvesters, tractors, implements, and machinery of all kinds, as well as manufactured goods.

American trains are running on American rails on top of the Andes. American steel and cement are found in the high trestles of the La Guayra-Caracas Railway. American tractors are doing service in Chile.

The time has passed when any country desiring to take care of its people and to move forward can ignore its water transportation facilities. As Mr. Kirkaldy, in his work on "British Shipping," says:

A century ago the shipping of the world was, for the most part, employed in supplying luxuries solely for the well-to-do members of society. To-day it is the mass of mankind it benefits.

England has realized this and has taken advantage of every opportunity to provide for this important need. Mr. Kirkaldy further says:

The teeming population of England could be neither clothed nor fed were not foreign supplies obtainable.

Another English writer, Mr. Owen, in his Ocean Trade and Shipping, says:

Seeing that we are an island state, depending entirely, both for our export trade and for the import of our food supplies and raw materials, on our shipping, it is clear that any hostile interference with our vast over-sea transport system might be fraught with consequences of the utmost gravity. If our raw materials ceased to come to us and we were cut off as well from the markets for which our manufacturers produce, the trade of the country must perforce come to a stop; there would be no work, and consequently no wages for the workers; the country would be smitten with paralysis. Still more serious, however, would be any interference with our food supplies, and the mere possibility of such a dire calamity is a "heel of Achilles" to the Empire. Of every five loaves we consume four have been sold to us over the ship's rail; about two-fifths of our meat; considerably more than half of our eggs, butter, and cheese; and so on. In food, drink, and tobacco we import annually about 250 millions sterling. This means 685,000 pounds a day, 28,000 pounds an hour, 475 pounds a minute.

I ask permission at this point to insert two brief newspaper clippings bearing on the question of South American trade.

The PRESIDING OFFICER. If there is no objection, permission is granted.

The clippings referred to are as follows:

GREAT OPPORTUNITY IN SOUTH AMERICA FOR COTTON GOODS—CURTAILMENT OF EUROPEAN MILLS OPENS DOORS—SOUTH AMERICAN AGENT SOUTHERN RAILWAY CALLS ATTENTION TO SOME PERTINENT FACTS AND FIGURES.

Great opportunities for expansion of the cotton-goods trade with the South American countries are open now that the European mills have been curtailed, and a number of southern cotton mills are taking active steps to capture a generous share of this trade, declares Charles Lyon Chandler, South American agent of the Southern Railway, who calls attention to the following figures:

Of the \$14,000,000 of cotton goods imported by Chile in 1912 only \$770,000 came from this country. Germany, whose trade is now cut off, supplied \$3,400,000 and Great Britain the rest. In the same year Argentina bought \$35,700,000, of which \$5,527,000 came from Germany, over \$17,000,000 from England, and only \$445,300 from this country. Of the \$18,000,000 of cotton goods imported by Brazil \$3,800,000 came from Germany, \$11,000,000 from England, and only \$323,000 from this country. Figures in regard to woolen goods and cutlery into the South American countries show similar opportunity.

SOUTH AMERICAN TRADE—THE OPPORTUNITY GIVEN BY THE WAR TO THE UNITED STATES.

To the EDITOR OF THE SUN:

SIR: I have recently returned from an extensive journey which embraced Venezuela, Colombia, the Canal Zone, and a number of the islands of the Caribbean Sea. On this journey, through our "sphere of influence," I, like all Americans who travel there, regret the absence of the flag of the United States. We see it flying over our legations and consular offices, but with one exception nowhere else.

War news reached us first at Colon; we found Jamaica under martial law. Our steamer ran dark all the way home from Colon, but we did not sight anything in the way of a war vessel. At Puerto Colombia, Cartagena, Colon, and Panama numerous German steamers were tied up at neutral wharves, but the English vessels went on about their business.

It was a pleasure to learn that a bill was before Congress to reestablish our merchant marine, and now the President has signed it, to the delight of all who travel, especially in the Caribbean and the coast of South America. It only seems a pity that the coastwise steamship owners and other interested parties can not at this time put aside their petty jealousies and all work for the commerce of the seas that is rightfully ours. Everywhere abroad you see American goods in ever-increasing quantities, but all carried in foreign ships. Do you want to travel, you pay the foreigner for the privilege. Do you want to do business, you must do it through foreigners. Why, with this wonderful opportunity caused by the European war, do our people not awaken to the opportunity that is theirs for the taking? Be sure that England, still mistress of the seas, will not neglect to grasp the enormous German trade. At least a share of this is ours. All we need is the ships, and we now have the chance to secure them. Why all this pettifoggling about neutrality and coastwise shipping? It is foolish in the extreme, and arises either from supreme ignorance of the situation or from selfish personal reasons. Can we Americans never rise to an international viewpoint; must we, a world power, still be colonialists?

There is but one American steamship line trading to Venezuela and the Caribbean, and its fleet is composed of four vessels, the largest of 3,000 tons and 25 years old; the second of 2,500 tons, 30 years old; then two of 1,800 tons and one of 630 tons. It was my good fortune to see at Curacao three of these, with the combined capacity of 4,930 tons, in the harbor of Willemstad, all flying the American flag at the same time. This line has a United States mail subsidy and is old in the service of the flag and the almighty dollar. It is a well-known fact that since its inception this line has made fortunes for everyone who has been interested in it. Yet the cry goes up continuously—they almost believe it themselves—that it costs too much to run an American ship. The boats go heavy laden with freight and passengers. If they would purchase some of the fine ships now for sale, they could and would grasp and hold the largest part of the traffic of the Caribbean Sea. Why not? They have the money and here is the chance; South Americans, West Indian islanders, all want us to come to them with ships and goods. The business people who understand welcome us, the ignorant hardly know us; the politicians hold us up as a bogey man for their own purposes.

There are vast opportunities in South America, especially in the countries least in the public eye. Brazil, the Argentine, Chile have been exploited and financed to death; but Peru, Venezuela, Ecuador, and others offer golden chances for banking and trade. They want us to come to them, to know us not as the northern bully but as a helping friend. Can we not stop talking and attend to business? Let us sell them the goods direct, not through England and Germany, for our southern neighbors use American goods in quantities, but they are shipped first to Europe and then to South America in foreign ships.

One instance: Domino sugar retails here at 6 cents a pound, in Caracas at 26 cents a pound, and that within sight of local sugar mills whose product of brown sugar retails at 11 cents a pound. And so with other American goods.

We have the greatest opportunity in the world; now is the time to act. Send out men who know South America, the people and their ways, and who speak Spanish. Send many, but send them now. Buy ships, put our flag on them, and do it now. Stop talking and get busy. The greatest chance in the world is ours.

Our ministers and consuls are alert and glad to help—a better class than the representatives of any other country.

F. WALN MORGAN DRAPER.

NEW YORK, September 18.

Mr. FLETCHER. The New York Tribune said, as I recall, that if this measure were limited in its application to Latin-American countries it would be unobjectionable.

NATIONAL DEFENSE.

Now, Mr. President, I come to the question of national defense. This bill is intended to provide auxiliaries for the Navy and military transports. I have heretofore called attention to Senate Document No. 225, Sixtieth Congress, first session, pages 30-34 and 41-47, showing the need of ships as naval auxiliaries and as transports at that time. I have requested the Navy Department and the War Department to bring those reports down to date, and I present communications from the Secretary of the Navy and the Secretary of War, respectively, which give the present requirements. I ask to have those communications inserted in my remarks. They show authoritatively, from the standpoint of these departments, that the enactment of this measure should not be delayed. They speak for themselves and require no elaboration.

The PRESIDING OFFICER. If there is no objection the request will be granted. The Chair hears none.

The matter referred to is as follows:

NAVY DEPARTMENT,
Washington, January 12, 1915.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I beg to acknowledge the receipt of your letter of December 22, regarding the pending ship-purchasing bill (S. 6856) and calling attention to the report made by the General Board to the Secretary of the Navy, dated November 23, 1905.

You inquire as to what changes, additions, or modifications should be made to-day to the General Board's letter on the subject to bring it to date.

The matter has been referred to the General Board, and I am inclosing herewith for your information a copy of the board's indorsement.

Sincerely, yours, JOSEPHUS DANIELS.

[Second Indorsement.]

JANUARY 12, 1915.

G. B. No. 423.

From: President General Board.

To: Secretary of the Navy.

Subject: Letter of Senator FLETCHER re ship purchasing bill (S. 6856). Character of auxiliaries.

Returned.

Second. The General Board interprets the first indorsement to refer to auxiliaries which might be obtained for service in war from the

merchant vessels that are provided for in Senate bill 6856, and therefore reports as follows:

Third. Merchant vessels which would be most suitable for use in the Navy in time of war may be divided into three classes, viz. (a) Scouts; (b) Cargo vessels; and (c) Transports and hospital ships.

(a) Scouts: Fast passenger ships of not less than 23 knots speed, and of as great a steaming radius as possible.

(b) Cargo vessels: Cargo ships to be used as colliers, oilers, supply ships, repair ships, etc., of a minimum displacement of 10,000 tons, and a sustained sea speed of 14 knots and at least 6,000 miles radius.

(c) Transports and hospital ships. Passenger vessels capable of a sustained sea speed of 14 knots and of at least 6,000 miles radius, and capable of carrying a regiment of at least 1,000 men with their impedimenta.

Fourth. In the light of the terms of Senate bill 6856, of the letter of Senator FLETCHER, and of the department's indorsement, the General Board has no recommendations to offer in this connection concerning the other smaller auxiliary vessels referred to in its letter of November 23, 1905.

(Signed) GEORGE DEWEY.

NAVY DEPARTMENT,
Washington, January 20, 1915.

Hon. DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.

MY DEAR SENATOR: In reply to your letter dated January 14, 1915, requesting information as to the number of auxiliary vessels that are required for the Navy of the United States in time of peace and the number of various types that would be required in time of war, you are informed that, in the opinion of this department, the number of auxiliary vessels recommended in the building program, together with those now in service, will meet the present needs of the Navy in time of peace.

As a matter of fact, the Navy of the United States maintains more auxiliary vessels in time of peace than that of any other nation, but by the lack of an adequate merchant marine, upon which other naval powers depend for a supply of auxiliary vessels in time of war, the United States Navy would be seriously handicapped if we should go to war under the conditions which now exist in our merchant marine. All nations utilize their merchant marine as an adjunct to the regular navy in time of war, and, in fact, depend upon it for supplying the auxiliary vessels of their fleets.

The active fleet of the United States in order to operate against any one of the possible enemies will need upon the outbreak of war the following number of auxiliary vessels:

1. Forty vessels for scouting purposes with a possible sustained speed of not less than 20 to 23 knots.

The 10 armored cruisers and the 5 first-class cruisers now in service will be used in the scouting line, and it will therefore be necessary to obtain by purchase or otherwise for scouting purposes 25 auxiliary vessels of great steaming radius and high speed.

2. Five mine depot vessels.

Two are now in service, which leaves 3 to be obtained at the outbreak of hostilities.

3. Twenty-five colliers of great capacity and with sufficient speed to permit of their accompanying the battle fleet.

There are at present in service 10 colliers which would be utilized for this purpose, and it will be necessary to acquire 15 more to accompany the fleet and an additional large number to maintain a supply line.

4. Ten oil-tank vessels with sufficient speed to accompany the fleet.

There are at present 1 of these vessels in service and 2 building.

5. Five supply and refrigerating ships.

There are at present in service 4 old supply vessels that can be utilized and the construction of a new one is authorized.

6. Five hospital ships.

One is now in service.

7. Five repair ships.

The Navy at present has 2 such vessels and it will be necessary to acquire and outfit 3 more.

8. Six transports suitable for carrying advanced base expeditions and material.

There are at present 3 such ships available and 1 under construction.

9. Ten dispatch boats of 18-knot speed.

10. Ten seagoing tugs.

There are at present available 2 large fleet tugs and 3 smaller ones that can be used for work in the open sea. It would be necessary to acquire 5 more seagoing tugs.

11. Five ammunition ships.

One is available, leaving 4 to be acquired.

12. Four destroyer tenders and repair ships.

Three of an inferior type are now in service and 1 new tender is building.

In addition to the above a large number of vessels suitable for harbor and coast patrol, submarine tenders, mine sweepers, and dispatch boats would be necessary for the harbor and coast defenses.

For this purpose the smaller cruisers, gunboats, and monitors would be used, and such additional merchant vessels as necessary purchased and converted.

The Navy has at present built and building the following auxiliary vessels:

Five supply vessels.

Twenty-two colliers.

Three oil-fuel vessels.

Four torpedo-boat tenders.

Four transports.

Two mine depot ships.

Forty-four tugs (two large seagoing tugs, five large enough to be used at sea, and the others suitable for inshore and harbor work).

It will be necessary at the outbreak of hostilities to acquire for naval purposes, by purchase, charter, or otherwise, at least the following number of auxiliary vessels:

Twenty-five merchant vessels suitable for scouting purposes.

Three mine depot ships.

Fifteen fleet colliers.

Seven oil-fuel vessels.

Four ammunition ships.

Four hospital ships.

Three repair ships.

Two transports.

Ten dispatch boats.

Five seagoing tugs.

In addition to the above a large number of vessels suitable for submarine tenders and mine sweepers would be necessary for the harbor

and coast defenses and coast patrol, and in case of a distant oversea naval campaign, which would be necessary in order to bring to a successful conclusion a war with any one of the possible enemies, a larger number of fuel and cargo ships would be needed to maintain the supply line to the base in the United States. The number of vessels necessary to supply an oversea fleet is dependent upon the distance from the base of supplies, and for the most distant oversea field of naval activity it is estimated to be 200 vessels.

The Navy has at present a number of small cruisers and gunboats which are not suitable for service with the battle fleet, but which in time of war would be used for harbor and coast patrol duty. It is the opinion of this department that upon the outbreak of hostilities with any naval power the Navy will be in need of about 100 auxiliary vessels of the types stated above, and would, in case the war necessitated an oversea campaign, need approximately an additional 100 vessels before the war could be brought to a successful conclusion.

In a consideration of the desirability of having merchant vessels immediately available as auxiliaries for service with the fleet, it is considered proper to invite attention to the fact that during the War with Spain in 1898, in which the naval operations were of very little importance when compared to what may be expected in any future wars, the Navy Department purchased for naval purposes 96 vessels at a cost of \$11,418,027 and chartered at a high per diem rate 5 others.

The vessels purchased were:

Seven merchant ships which were converted into cruisers.

Thirty-one tugs.

Seventeen colliers.

Twenty-six yachts.

Sixteen vessels of special classes (refrigerating supply ships, hospital ships, repair ships, transports, etc.).

The vessels chartered were four large and fast passenger steamers at a cost of \$2,000 to \$2,500 per diem, and one tug at \$1,000. The four large and fast steamers were used as scouts.

The merchant services of all foreign naval powers are much better prepared by their size, equipment, and organization for naval purposes, to supply naval auxiliaries than is the merchant marine of the United States.

Any steps, therefore, that it may be possible to take looking toward an expansion of our merchant service on the seas will add greatly to the number of auxiliary vessels available for the Navy in time of war, and the building up of an oversea trade in vessels flying the American flag will be of the greatest possible value to the naval arm of the national defense.

JOSEPHUS DANIELS.

TREASURY DEPARTMENT,
Washington, January 7, 1915.

HON. DUNCAN U. FLETCHER,
United States Senate.

DEAR SENATOR: Further in reply to your letter of December 19, requesting information in connection with the shipping bill, I beg leave to send you herewith a copy of a letter and inclosure, just received from the Secretary of War in answer to your questions Nos. 6 and 7, respectively.

Very sincerely, yours,

BYRON R. NEWTON,
Acting Secretary.

JANUARY 4, 1915.

HON. WILLIAM G. MCADOO,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: Replying further to your letter of the 21st ultimo, inclosing copy of Senate resolution passed on December 18, 1914, and of a letter addressed to you by Senator Fletcher, acting chairman of the Committee on Commerce in the Senate, I take pleasure in forwarding herewith a statement which has been prepared giving information called for by Senator Fletcher's questions Nos. 6 and 7.

Faithfully, yours,

LINDLEY M. GARRISON,
Secretary of War.

"6. WHAT IS THE NEED OF THE ARMY * * * FOR AUXILIARIES AND TRANSPORTS?"

In any military movement involving the transportation of troops overseas, the matter of first and paramount importance is the transport. The primary requisites of a sea transport are sufficiency, suitability, and readiness.

It has been demonstrated within recent times that under conditions hitherto prevailing the United States could not expect to obtain a sufficient number of suitable steamers flying the American flag required for an expedition involving the transportation of large armies overseas, and it would unquestionably be necessary to charter steamers of foreign register. It requires no argument to show how comparatively helpless we would be were it necessary to charter a large number of foreign ships at such a time as this, when the largest maritime nations of the world are engaged in warfare and in need of all their resources, while the neutral maritime nations are jealously guarding their own interests. Any legislation tending to foster the growth of an American merchant marine, therefore, would vastly increase the potential military efficiency of our Army by providing a source upon which the Nation could draw in time of great need for its Army transports, officered and manned by American citizens, provided the operation of law would authorize the taking over of such vessels on the breaking out of war, or when war becomes imminent. Such a law should act automatically and effect transfer to the military service from commercial service at a price and under conditions provided in the law itself, together with the crew of the ship and all appurtenances. Aside from the greater facility and dispatch with which a large fleet of transports could be fitted out under such conditions, the efficiency of the personnel of such ships must, of necessity, be immeasurably superior to the personnel of foreign ships, whose only interest would be of a pecuniary nature, the elements of patriotism and sacrifice being entirely lacking among the latter.

In principle the War Department is heartily in favor of anything which will tend to promote the growth of an American merchant marine, as, with such a marine, the mobility of its forces will not be limited and circumscribed by the natural barriers of oceans and seas, and under certain circumstances the efficiency of its forces could be immensely increased by the knowledge that there was a certain and sure source upon which to draw for its Army transports.

The annual reports of the Quartermaster General for the past few years have advocated the advisability of providing new transports for

the service, to replace the present units which are becoming old and so out of date as to prove increasingly more expensive in their upkeep and operation; he being of the opinion that the Army of the United States requires as a part of its equipment transports of the most modern and efficient type if it is expected to perform efficiently its required duties at points away from the continental limits of the United States; it being considered just as necessary that the Army be provided with first-class transports as for the Navy to be provided with first-class battle-ships, if it is expected that the United States is to maintain its proper position among the powers of the world.

"7. WHAT HAVE WE READY, OR WHAT COULD BE MADE READY IN THREE WEEKS, TO TRANSPORT TROOPS AND SUPPLIES?"

The War Department now has 10 troop transports, 1 animal and freight transport, 1 refrigerator transport, and 1 cable ship in commission and ready for service. Also, 2 troop transports out of commission, which, however, are very old and unserviceable, and authority for their sale has been requested of Congress.

It is probable that about 20 ocean-going steamships of American register could be chartered or commandeered and made ready for service as troop and animal transports within a period of three weeks; average capacity for about 1,000 men each.

The owned transports now in commission, as at present fitted, have a total carrying capacity of 11,045 men, 27,301 tons of impedimenta and supplies, 750 animals, and 2,224 tons of refrigerated stores, at 100 cubic feet per ton.

Of the owned ships now in commission four are engaged in trans-Pacific service, including the one animal and freight transport, and three are engaged in interisland service in the Philippines. The cable ship is in service between Seattle and Alaskan ports, thus leaving only four transports, including the refrigerator transport, available for duty on the Atlantic. The total capacity of the four transports now available for Atlantic service is 2,857 officers and men, 5,902 tons of impedimenta and supplies, 200 animals, and 1,171 tons of refrigerated stores, at 100 cubic feet per ton.

WAR DEPARTMENT,
Washington, January 7, 1915.

THE CHAIRMAN THE COMMITTEE ON COMMERCE,
United States Senate.

MY DEAR SENATOR: Referring to your letter of December 22, in regard to the report made to the Secretary of War by the General Staff, December 22, 1905, appearing in Senate Document No. 225, Sixtieth Congress, first session, pages 41 to 47, on the subject of "The Army's need of merchant steamships as transports in war," I have the honor to advise you that that report is equally applicable to conditions to-day, except that our tonnage, under the stimulus of recent legislation, has since September 1, 1914, been increased by 50 vessels of 4,000 tons or more, making an increase in total gross tonnage of 203,954 tons.

Of merchant steamships of American registry of 4,000 tons or more gross tonnage there are now on the Atlantic 70, with a total gross tonnage of 435,539 and capacity to transport a total of 95,000 men.

On the Pacific there are 23, with a total gross tonnage of 191,073 and capacity to transport a total of 42,000 men.

Assuming these ships to be engaged in foreign trade, there exists the same probability, formerly referred to, of not more than one-third of them being available within 15 days. In other words, if the Navy needed none of them, it appears probable that we would be able in 15 days to embark on the Atlantic in suitable ships not more than 31,660 men and on the Pacific not more than 14,000 men.

The fact, however, that the Navy must count on supplying its deficiencies from the same list of ships leaves the number finally available for the Army somewhat problematical.

The requirements and specifications for ships suitable for Army transports remain the same as given in the report of the General Staff to which you refer.

Very respectfully,

LINDLEY M. GARRISON,
Secretary of War.

PREVIOUS STEPS IN THIS DIRECTION.

Mr. FLETCHER. Mr. President, last August the junior Senator from Massachusetts [Mr. WEEKS] was taking rather advanced ground in the direction of the pending measure, if, indeed, he did not plant his banners upon its very front line. Senate bill 5250, introduced by him, provided:

That the Secretary of the Navy is hereby authorized to establish one or more United States Navy mail lines by employing such vessels of the Navy as in his discretion * * * for the purpose of establishing and maintaining regular communication between the east or west coast or both coasts of the United States and either or both coasts of South America.

The vessels were to carry mail, passengers, and freight under such regulations and at such rates as the Secretary of the Navy might prescribe. The Senator introduced a resolution—Senate resolution 317—on the subject, and that resolution was referred to the Committee on Naval Affairs. The Secretary of the Navy recommended the passage of the bill, and the committee made a favorable report August 3, 1914, and the bill passed the Senate on August 3, 1914. I think it worth while to set forth the resolution, the letter of the Secretary of the Navy, and the brief report of the committee, because they are all recent and throw considerable light on the question now before the Senate. I ask that they be included in my remarks.

THE PRESIDING OFFICER. If there is no objection, the request will be granted.

The matter referred to is as follows:

[Senate. Report No. 718. Sixty-third Congress, second session.]
UNITED STATES NAVY MAIL LINES BETWEEN UNITED STATES AND SOUTH AMERICA.

Mr. THORNTON, from the Committee on Naval Affairs, submitted the following report:

We, the undersigned members of the Senate Committee on Naval Affairs, recommend the passage without amendment of S. 5259, being a bill introduced by Senator WEEKS, entitled "A bill to establish one or more United States Navy mail lines between the United States and

South America," and being the bill recommended for passage by the Secretary of the Navy in response to Senate resolution 317.

B. R. TILLMAN.
CARROLL S. PAGE.
CLAUDE A. SWANSON.
GEO. C. PERKINS.
N. P. BRYAN.
MOSES E. CLAPP.
J. R. THORNTON.
MILES POINDEXTER.
CHARLES F. JOHNSON.

LETTER FROM THE SECRETARY OF THE NAVY TO THE CHAIRMAN OF THE COMMITTEE ON NAVAL AFFAIRS, TRANSMITTING CERTAIN INFORMATION ON SENATE RESOLUTION 317 RELATIVE TO A PLAN FOR THE ESTABLISHMENT OF A LINE OF SHIPS TO RUN BETWEEN THE CITIES OF NEW YORK AND NEW ORLEANS AND THE CITY OF VALPARAISO, CHILE, AND INTERMEDIATE PORTS, TOGETHER WITH A DRAFT OF A PROPOSED BILL TO ACCOMPLISH THE SAME.

[S. Res. 317.]

Mr. WEEKS submitted the following resolution, which was referred to the Committee on Naval Affairs:

Whereas it is desirable to develop and extend commercial relations between the United States and the countries of South America by the establishment of direct lines of communication for carrying the United States mail and for the transportation of passengers and freight; and

Whereas private capital has not engaged in this service to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America: Therefore be it

Resolved, That the Secretary of the Navy be, and he is hereby, directed to cause to be prepared, in detail, a plan for the establishment of a line of ships to run between the cities of New York and New Orleans and the city of Valparaiso, Chile, and intermediate ports, to consist of the cruisers *Columbia* and *Minneapolis* and the scout cruisers *Salem*, *Chester*, and *Birmingham*, and that the information requested in this resolution shall include the following:

First. The time required by these ships to make a round trip between the ports named.

Second. The number of passengers which could be carried in each ship as now equipped or with any changes that would not impair their usefulness if required in the naval service.

Third. The amount of freight that each ship could carry under similar conditions; this estimate to include mail as well as freight.

Fourth. The number of naval officers and seamen required to man the ships engaged in the service which is proposed.

Fifth. The probable cost of the service, including the pay of the officers and men employed in connection with it and all other necessary elements, such as wharfage in the cities where the ships would touch, fuel, repairs, and maintenance of every description.

Sixth. The cost of such necessary changes as may be required to put the ships named in condition for such service, in removing unnecessary military equipment and any other changes necessary in order to carry passengers and freight safely and to adequately perform the service proposed in this resolution.

Seventh. An expression of opinion by the department as to whether the above-named ships can be used for such purposes without impairing their usefulness for naval purposes should their prompt return to the naval service be required.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, April 12, 1914.

HON. B. R. TILLMAN,
Chairman of the Committee on Naval Affairs,
United States Senate.

MY DEAR SENATOR: I. Referring to Senate resolution No. 317, Sixty-third Congress, second session, I have the honor to forward to your committee a report embodying the information requested.

2. It is practicable, by the use of naval vessels, to carry out the purpose indicated in the resolution, and the following vessels will be available for the service, viz, *St. Louis*, *Charleston*, *Milwaukee*, *Columbia*, *Minneapolis*, *Salem*, *Chester*, *Buffalo*, *Rainbow*, *Ancon*, *Cristobal*, *Hector*, *Mars*, *Vulcan*, *Cyclops*, and *Neptune* (or two equally good), and the *Nanshan*.

3. The *St. Louis*, *Charleston*, *Milwaukee*, *Columbia*, and *Minneapolis* are fast cruisers; the *Salem* and *Chester* are fast scout cruisers; the *Buffalo* and *Rainbow* are transports; the *Ancon* and *Cristobal* are steamers employed by the Panama Railroad Co. to be turned over to the Navy Department; and the others are naval colliers.

4. The cruisers are suitable for carrying only a small number of male passengers—15 to 20 each—and could not be fitted for carrying bulky freight without interfering materially with their military value; but they could carry the mails and a limited amount of express freight and parcels, about 150 tons each.

5. The *Buffalo*, *Rainbow*, *Ancon*, and *Cristobal* are suitable for carrying a limited number of passengers and any kind of freight: *Buffalo*, 20 first-class passengers and 4,000 tons of freight; *Rainbow*, 25 passengers and 2,500 to 3,000 tons of freight; *Ancon* and *Cristobal*, each 74 first-class and 32 steerage passengers and between 10,000 and 11,000 tons of freight. The naval colliers are not suitable for carrying any passengers, but are well adapted to a freight service; the first three carrying 6,500 to 10,000 tons each; the two of the *Cyclops* class 10,000 to 12,500 tons of freight and 2,900 tons of fuel oil in bulk each; and the *Nanshan* about 3,000 tons.

6. The distance from New York to Valparaiso via Panama and Callao is 4,666 miles, and each of the fast cruisers going at 15 knots could cover that distance, allowing 24 hours for delays incident to passage through the canal, in 13 days 23 hours; or make one round trip without stop, except at the canal, in 27 days 22 hours.

The distance from New Orleans to Valparaiso via Panama and Callao is 4,087 miles, and the time for the same vessels to make one round trip without stop, except at the canal, is 24 days 17 hours.

The distance from Panama to Valparaiso via Callao is 2,652 miles, and the same vessels can, at 15 knots, cover the distance in 7 days 9 hours, or make one round trip in 14 days 18 hours.

The other vessels are slower, and will sustain a speed of 12 knots, except the *Nanshan*, which can be counted on for 10 knots.

7. By the use of the *Charleston*, *St. Louis*, *Columbia*, and *Minneapolis*, a fast but very expensive mail service, with accommodations for a limited number of male passengers, could be easily maintained between Panama, Guayaquil, Mollendo, and Valparaiso, with weekly sailings from Panama. A far less expensive service could be maintained by the use of the *Salem*, *Chester*, *Columbia*, and *Minneapolis*. These stops would be best for quick deliveries of mails to the South American countries on the west coast, to Argentina, Bolivia, Uruguay, and Paraguay.

There is a daily railway express service from Valparaiso to Buenos Aires and Montevideo via the Trans-Andean Railway. The time from Valparaiso to Buenos Aires by rail is about 60 hours, and to Montevideo 72 hours. Allowing four days for the delivery of mails from New Orleans to Panama, and 11 days for delivery from Panama to Valparaiso, the mails from the United States would reach Buenos Aires in 17½ days and Montevideo in 18 days. The time from Liverpool to Buenos Aires by mail steamers running in connection with the Royal Mail Steam Packet Co. is 22 days, and to Montevideo 21 days, on a weekly schedule. From New York to the same ports via existing lines the time is 24 and 23 days, respectively, with a weekly schedule. There is at the present time a weekly mail and passenger service between New Orleans and Colon. If it should be found desirable to run the mail steamers from New Orleans to Valparaiso, it could be done by the addition of another cruiser, but at very greatly increased cost. The cost of running each vessel is given in the table appended marked "A."

8. A passenger and freight line can, in addition, be maintained between New Orleans and Valparaiso, and a freight line between New York and Valparaiso, making such ports as may be necessary; or a combination freight and passenger service and a freight service between New York and Valparaiso.

For a service from New Orleans, the *Buffalo*, *Rainbow*, *Ancon*, and *Cristobal* could be used, insuring a sailing every 14 days.

In addition, a freight line can be maintained between New York and Valparaiso, using the five large colliers, which would insure a sailing every 12 days.

If the vessels mentioned above for the New Orleans trade were combined with the freighters, a mixed service could be maintained, which would insure a steamer from New York every seven days.

The *Nanshan* might be useful as a freighter between Panama, Buenaventura, and Guayaquil.

9. Due to the engine room, fireroom, and bunker construction of the cruisers, a large number of men is required in the engineering department; in addition, these vessels are great coal consumers, and would have to coal both on the outward and return voyages. Since continuity and regularity of mail service would be essential, it would be necessary to maintain at some point on the west coast, preferably at Callao, either ashore or afloat, a reserve of coal. This need could, however, be easily met.

10. The personnel that would be required for the ships is as follows: *Columbia*, *Minneapolis*, *Salem*, and *Chester*, 9 commissioned and 6 warrant officers and 202 men each; *Buffalo* and *Rainbow*, 9 commissioned and 6 warrant officers and 118 men each; *Ancon* and *Cristobal*, 9 commissioned and 6 warrant officers and 135 men each; *Hector*, *Mars*, and *Vulcan*, 7 commissioned and 6 warrant officers and 117 men each; *Cyclops* and *Neptune* (or two others of equal capacity), 7 commissioned and 6 warrant officers and 134 men each; and the *Nanshan*, 7 commissioned and 6 warrant officers and 69 men; a total of 114 commissioned and 84 warrant officers and 2,002 men.

11. The cost of changes necessary to fit the vessels for the proposed service would be small. For the *Rainbow*, on which it is contemplated installing five additional staterooms at a cost of \$2,000, \$3,000 would be required; and \$1,000 for each of the other vessels would probably cover the cost of changes proper. In addition, each vessel carrying passengers would need an auxiliary radio installation required by law for passenger ships. This would cost \$2,000 for each vessel, and the total cost for the above vessels would be about \$32,000.

12. The pay and subsistence of officers and men to man the 14 ships would be about \$1,862,444, and the maintenance of the ships, other than pay and subsistence, including repairs, docking, and supplies of all kinds, would approximate \$1,774,250; total, \$3,636,694.

13. The probable cost of the shore establishment for operating the lines is difficult to estimate at this time. This would include salaries of officers, agents, clerical force, and other personnel, terminal facilities, wharfage, port dues, rent of offices, furniture, and other expenses, and the department is making an investigation to determine this expense. It is believed, however, that it would be but a small percentage of the total cost, as Government terminal facilities will be used wherever practicable.

14. The expense of such services would, of necessity, be relatively large, due to the character of the vessels to be used and the fact that they must be kept in condition for immediate military service if required. It should be remembered, however, that there would be considerable return to the Government in mail, passenger, and freight receipts.

Retired officers or officers on the reserve list, should one be created, would be employed in the service as soon as practicable, and under such conditions the expense involved in the pay and subsistence of officers, as given in the table, should be reduced by three-fourths.

When it is considered that the men will be enlisted men in the Navy, and available for service with the Navy in time of war, the actual total additional expense for personnel for 14 ships would be but \$151,244.

15. Should the department be authorized to establish the service as contemplated in the resolution, it is suggested that the question of ships to be used, ports to be made, schedules, etc., be left entirely to the discretion of the department, and the department would make every effort to carry out the plan successfully. In so doing it is considered best to inaugurate the business by establishing a fast line from Panama to Valparaiso, via Callao and Mollendo, and utilize for the purpose the *Columbia*, *Minneapolis*, *Salem*, and *Chester*. This mail and passenger line, in connection with those now in existence from New York and New Orleans to Colon, would be a rapid-transit route between the United States, Peru, Bolivia, and Chile, and thence, via the Trans-Andean Railway, to Argentina, Uruguay, and Paraguay.

It is not deemed wise to establish at the beginning a schedule that would utilize all the vessels mentioned as available. One sailing a month of freight or passenger vessel from New York and New Orleans to Valparaiso and intermediate ports would be enough for a beginning. As business developed other vessels would be added, and sailings made more frequent, as the traffic warranted.

The *Rainbow* or *Nanshan*, or both, as the traffic might warrant, would be scheduled to ply between Panama and Guayaquil, Ecuador, via Buenaventura, Colombia. These would carry mails, passengers, and freight, and act as feeders for our freighters passing through the canal and connecting with the mail lines from New Orleans and New York.

As for docks and terminal facilities, the navy yard at New Orleans is well adapted for the purpose, and the New York yard could be used until the traffic warranted renting another terminal. The cost of wharves in New Orleans would depend upon the freight handled, and would, therefore, be included in the freight rates. In South American ports practically all cargoes are handled by means of lighters, the cost of which would be included in the freight rates.

Although it might appear that the cost of maintenance of the four cruisers of the fast-mail line from Panama to Valparaiso is excessive,

this is not so apparent when considered in connection with the freighters. One is necessary to the other for developing the South American trade, and the average cost should be taken. The freighters would begin to pay for themselves at once by taking coal and oil, for which there is great demand, and returning with general freight.

16. The department sees in the plan an opportunity for a twofold advantage:

First. The opportunity for developing a large trade with South America, which is not practicable for private vessels under the United States flag.

Second. The gradual development of a large auxiliary fleet which would be necessary in time of war, and which would be built up and maintained in time of peace without cost to the Government, as it will pay for itself after having once been firmly established.

Should the development of the business warrant, the cruisers used in this service would be gradually replaced by auxiliary vessels vastly more suitable and economical for the service itself as well as for the use of the Navy in time of war.

17. The approximate cost of maintenance of the ships of the lines proposed for beginning the service is as follows:

| | |
|--|-------------|
| 1. Fast-mail service from Panama to Valparaiso, using the <i>Columbia</i> , <i>Minneapolis</i> , <i>Salem</i> , and <i>Chester</i> : | |
| Pay and subsistence of officers and men..... | \$597, 120 |
| Maintenance, including repairs, docking, supplies of all kinds, etc., per annum..... | 790, 800 |
| Total..... | 1, 387, 920 |

| | |
|---|----------|
| 2. <i>Rainbow</i> , plying between Panama, Buenaventura, and Guayaquil: | |
| Pay and subsistence of officers and men..... | 118, 840 |
| Maintenance, including repairs, docking, supplies of all kinds, etc..... | 81, 300 |
| Total..... | 199, 140 |
| 3. Monthly sailings from the terminals, New York and New Orleans, for Valparaiso and intermediate ports, would cost, on the average for each vessel engaged in the service, as follows: | |
| Pay and subsistence of officers and men..... | 121, 160 |
| Maintenance, including repairs, docking, supplies of all kinds, etc..... | 100, 500 |
| Total..... | 221, 660 |

18. Any of the vessels mentioned for this service can be so employed without impairing their usefulness for naval purposes in any way, should their prompt return to the naval service be required.

19. In indorsing the establishment of this service the department takes occasion to state that the personnel of all vessels engaged in it should be naval officers and enlisted men of the Navy, and it will be necessary to increase the number of men at present allowed by law by the number of men required for this service.

20. The draft of a bill which would, in the opinion of the department, meet requirements is inclosed, marked "B."

JOSEPHUS DANIELS.

TABLE A.

| Vessel | Complement. | | Passengers, number. | Freight, tons. | Active pay of officers. | Retired officers' pay. | Difference. | Pay and subsistence (men). | Total pay and subsistence, officers and men (6) and (9). | Total additional pay and subsistence (9) and (8). | Maintenance of ships, exclusive of pay and subsistence, including docking, supplies, and fuel. | Total cost of maintenance afloat (11) and (10). | Cost of changes. |
|------------------------------|-----------------------------------|------|---------------------|-----------------|-------------------------|------------------------|-------------|----------------------------|--|---|--|---|------------------|
| | Officers. | Men. | | | | | | | | | | | |
| St. Louis ¹ | {Commissioned, 9; warrant, 6; 15. | 335 | 15 to 20 | Exp. 150 | \$40, 960 | \$29, 700 | \$11, 260 | \$221, 000 | \$261, 960 | \$232, 260 | \$226, 000 | \$458, 260 | \$3, 000 |
| Columbia..... | do..... | 202 | 15 to 20 | Exp. 150 | 40, 960 | 29, 700 | 11, 260 | 133, 320 | 174, 280 | 144, 580 | 197, 750 | 342, 330 | 3, 000 |
| Minneapolis..... | do..... | 202 | 15 to 20 | Exp. 150 | 40, 960 | 29, 700 | 11, 260 | 133, 320 | 174, 280 | 144, 580 | 197, 750 | 342, 330 | 3, 000 |
| Salem..... | do..... | 202 | 15 to 20 | Exp. 150 | 40, 960 | 29, 700 | 11, 260 | 133, 320 | 174, 280 | 144, 580 | 196, 500 | 341, 080 | 3, 000 |
| Chester..... | do..... | 202 | 15 to 20 | Exp. 150 | 40, 960 | 29, 700 | 11, 260 | 133, 320 | 174, 280 | 144, 580 | 196, 500 | 341, 080 | 3, 000 |
| Buffalo..... | do..... | 118 | 20 | 4, 000 | 40, 960 | 29, 700 | 11, 260 | 77, 880 | 118, 840 | 89, 140 | 96, 500 | 185, 640 | 3, 000 |
| Rainbow..... | do..... | 118 | 25 | 3, 000 | 40, 960 | 29, 700 | 11, 260 | 77, 880 | 118, 840 | 89, 140 | 81, 300 | 170, 440 | 5, 000 |
| Ancon..... | do..... | 135 | (?) | 10, 000—11, 000 | 40, 960 | 29, 700 | 11, 260 | 89, 100 | 130, 060 | 100, 360 | 113, 600 | 213, 960 | 1, 000 |
| Cristobal..... | do..... | 135 | (?) | 10, 000—11, 000 | 40, 960 | 29, 700 | 11, 260 | 89, 100 | 130, 060 | 100, 360 | 13, 600 | 213, 960 | 1, 000 |
| Hector..... | {Commissioned, 7; warrant, 6; 13. | 117 | None. | 6, 500—10, 000 | 35, 574 | 25, 380 | 10, 194 | 77, 220 | 112, 794 | 87, 414 | 97, 250 | 184, 664 | 1, 000 |
| Mars..... | do..... | 117 | None. | 6, 500—10, 000 | 35, 574 | 25, 380 | 10, 194 | 77, 220 | 112, 794 | 87, 414 | 97, 250 | 184, 664 | 1, 000 |
| Vulcan..... | do..... | 117 | None. | 6, 500—10, 000 | 35, 574 | 25, 380 | 10, 194 | 77, 220 | 112, 794 | 87, 414 | 97, 250 | 184, 664 | 1, 000 |
| Cyclops..... | do..... | 134 | None. | 10, 000—12, 500 | 35, 574 | 25, 380 | 10, 194 | 88, 440 | 124, 014 | 98, 634 | 120, 000 | 218, 634 | 1, 000 |
| Neptune..... | do..... | 134 | None. | 10, 000—12, 500 | 35, 574 | 25, 380 | 10, 194 | 88, 440 | 124, 014 | 98, 634 | 120, 000 | 218, 634 | 1, 000 |
| Nanshan..... | do..... | 69 | None. | 3, 000 | 35, 574 | 25, 380 | 10, 194 | 45, 540 | 81, 114 | 65, 734 | 49, 000 | 114, 734 | 1, 000 |

¹ Charleston and Milwaukee same as St. Louis in all respects.

² 74 first class; 32 steerage

Mr. FLETCHER. Mr. President, it seems to me that the position the Senator then took in furthering his own bill answers his position now and is to be preferred as the sounder of the two. He is moving backward instead of forward in opposing this measure. He then declared that "private capital was not furnishing facilities comparable to those enjoyed by the people of other countries having trade relations with South America," and he proposed to have the Government supply them.

Mr. President, I am reminded at this point of some comment made by Mr. W. D. Boyce, of Chicago, in his very interesting and instructive book, *Illustrated South America*, page 3, as he was proceeding on his journey to South America, to wit:

I am prompted at this point to speak critically of the peculiar policy of my own country in the matter of ocean commerce, since the vessel on which I sailed was a representative illustration of the absurdity of that policy.

The vessel was owned by the United Fruit Co., a United States corporation, commonly called the Fruit Trust. This corporation owns and sails under foreign flags over 90 ships. These were built abroad, mostly in Scotland, and cost two-thirds of the price of ships of equal tonnage and quality if built in American shipyards. In order to avoid the payment of duties imposed by the United States, they fly foreign flags and have officers who are citizens of and carry papers of foreign countries. Yet our United States shipyards compete with and undersell foreign countries in building ships for foreign navies. This is a United States corporation, selling all its fruit in the United States, and controlling the tropical fruit market as completely as the Standard Oil Co. has controlled the oil business. In the event of war with a foreign nation this Fruit Trust, being a United States corporation, would demand and receive protection for its shore property from the strong arm of the United States. It is rather an anomaly, isn't it? Capt. Lamb, our ship's chief officer, was an Irishman; her purser a Scotchman; her chief cook an Englishman; her flag British; and her firemen, all Chinamen.

Doubtless all the company's 90 vessels are similarly manned.

The questions that arise are these:

1. Why should the ships of a United States corporation fly foreign flags?
2. Why should our Government be called upon to protect the shore property in a foreign country of a trust that has its ships built in other lands?
3. Why should not our laws be so made that it would be possible to build ships in the United States, fly the Stars and Stripes, and officer them with our own brave men?

Mr. Boyce was speaking as a good American citizen, and his impressions and questions are quite natural.

CONSTITUTIONALITY.

I shall not take much time in discussing the constitutional phase of the question. The Senator from Iowa [Mr. CUMMINS] finds constitutional objections to the bill. Clearly, it seems to me, the bill may be rested upon the provisions of section 8, Article I, of the Constitution. Congress is given power, in clause 3—

To regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

In clauses 12 and 13 Congress is empowered to raise and support armies and to provide and maintain a navy.

The Senator's own amendment can scarcely be distinguished from the provisions of this bill, so far as the technical, constitutional question is concerned. I have no doubt whatever as to the constitutionality of the law if the bill passes.

OCEAN CARRIAGE BEFORE WAR.

The war has emphasized a situation which was unsatisfactory before and fast getting intolerable.

An extraordinary man is David Lubin, of California, delegate of the United States to the International Institute of Agriculture,

with headquarters in Rome. Patriotic, earnest, sincere, he is a thinker and sees far ahead and comprehends big problems. He was in Washington last August, and he had a few things to say at hearings before the Assistant Secretary of Commerce, Mr. Sweet, and committees of the House and Senate.

Let me read some extracts, first, from Senate Document No. 423, Sixty-third Congress, second session, what he said on the subject of "Cost of ocean carriage" as far back as December, 1913, and January, 1914. Mr. Lubin said:

The slightest turn of the wheel directs the motion of the automobile. The slightest change in the cost of carriage directs the price movement of the staples. The slightest movement in the world's price of the staples directs the economic, the social, the political life of the people. What the wheel is to the movement of the automobile the cost of carriage is to the price movement of the staples.

Then he proceeds, in a letter to Mr. S. S. Pratt, secretary of the Chamber of Commerce of New York, to discuss the subject further, and he quotes from Mr. Pratt's letter. He says:

INTERNATIONAL INSTITUTE OF AGRICULTURE,
Rome, Italy, December 11, 1913.

SERENO S. PRATT, Esq.,
Secretary Chamber of Commerce, New York, N. Y.

DEAR SIR: I have your valued letter of November 24, in reply to mine of the 5th and 7th on the question of reporting the cost of ocean carriage for the staples of agriculture. I am pleased to note that you say "our chamber would be willing to cooperate with you in giving out any information that we feel would be of real value." You point out, however, that there are difficulties in the way which would be likely to render the information on cost of ocean freight rates now available of no utility. You say:

"We have carefully noted your comments and the marked clauses in the report (S. Doc. 961). The matter has been given very careful attention by one of our committee on foreign commerce and revenue laws, who has made inquiries in regard to this matter among the agents of the shipping companies on our New York Produce Exchange. * * * It would be extremely difficult to give any definite information in regard to freights that would be of value in publishing the world's price for cereals."

You further say:

"You no doubt are aware that freight rates, particularly for agricultural products, change almost daily and sometimes several times during the day, depending upon the demand or otherwise for freight room. Rates quoted to-day would be only for refusal for 24 hours, and they are constantly influenced by the fluctuating demand for room in the various steamers. * * * Frequently wheat has been carried between the United States and London free of any charge, being simply used for ballast in the steamers, and at other times the rate has advanced to 10d. and 12d. per bushel."

Now, if what you say of New York also holds good of the other world market centers, what guide, then, have buyer and seller as to the equity of the relation between prices current elsewhere and the home price? If the cost of ocean carriage influences the home price of the product, and if this cost fluctuates to an extent which makes it practically an unknown quantity, what conclusion are we driven to? What but this, that buyers and sellers everywhere lack the data on which to base their calculations so far as this price-forming factor is concerned? That is to say, that buyer and seller, in determining what they should pay and what they should receive, have to guess the probable cost of carriage in the various ports of the world or simply trust to luck and chance. If this is the case in the distribution of the staples of agriculture on such a progressive market as New York it is surely a sad commentary on the state of commercial procedure in the twentieth century.

Then he quotes from a letter from Hon. Walter Scott, of Saskatchewan, Canada, in which he says:

The subject of the cost of ocean carriage is being given a great deal of attention in Canada, so much so that the head of the Canadian railway board [Mr. Drayton] was recently sent to England to inquire into the question with the purpose of ascertaining whether any action is open to the Canadian authorities which would likely lead to a lessening of the exceedingly high rates in force at present. These rates, I understand, have within the past two or three years been largely increased. The question has become acute in Canada.

Mr. Lubin says:

I think it can be shown that the question before us can not be narrowed down to the limits of one or two countries. It is broader than a local issue; it is broader than a national issue; it is, in fact, an international issue. Nor can it be narrowed down to a mere question of high rates or low rates. The real question is one of steady rates, fixed rates, equitable rates, rates periodically fixed in advance for the principal world's ports and promptly made public.

That there is an adequate basis for this stand can be clearly shown by the following illustration:

Let us say that the price of wheat is \$1 a bushel in Liverpool; that is to say, \$1 a bushel is offered for wheat delivered at the Liverpool warehouse. Wheat is therefore worth \$1 at the exporting ports at New York, Seattle, Montreal, Rosario, Odessa, etc., less the cost of carrying it from any of these ports to Liverpool. Now, if the cost of carrying wheat from New York to Liverpool be 24 cents, these 24 cents will be deducted from the dollar, leaving the New York price at 76 cents; 76 cents not only for the quantity exported, but also for the entire quantity in the home market, for it is a well-known fact that the home price and the export price is the same. But if the cost for carrying be nothing, if wheat be carried, say, from New York to Liverpool free of charge, as ballast, the price in New York should then be (barring deductions for minor expenses) \$1 as in Liverpool. So, here we have an example in which the price in New York is \$1 a bushel one day and 76 cents a bushel the next day.

That this is no fanciful nor overdrawn statement is shown by the following: In reply to my inquiry as to whether this institute could be supplied with regular reports on the cost of ocean carriage, the New York Chamber of Commerce informed me, November 24, 1913, that as there was so much fluctuation in the rates for ocean carriage the

publication of those rates could not be of economic value. Corroborative of its statement the chamber said:

"Freight rates, particularly for agricultural products, change almost daily and sometimes several times during the day. * * * Rates quoted to-day would be only for refusal for 24 hours. * * * Frequently wheat has been carried between the United States and London free of any charge, being simply used for ballast in the steamers, and at other times the rate has advanced to 10d. and 12d. per bushel."

It seems to me that instead of disproving the needs for the proposed service, the New York Chamber of Commerce has given facts which strongly support my contention, for here we have an example of the cost of freight ranging anywhere from nothing to 12d. (24 cents) per bushel.

This is intended to show, and does show quite conclusively, that long prior to the war, in 1913, not only had the rates of freight on the transportation lines across the ocean been gradually increasing and were high then, but it was simply impossible to get any quotation that was good for 24 hours on bulk shipments. You could not figure what the freight was on a cargo of grain from New York to Liverpool for over 24 hours. They were liable to shift and change from nothing to 12 pence within 24 hours.

That was the situation prior to the war. We have no reason to believe it will not be the situation when the war is all over, unless there is some way devised for taking this matter out of the absolute, arbitrary, monopolistic control of certain people handling this shipping.

Mr. Lubin made a statement before the Assistant Secretary of Commerce on Friday, August 14, 1914, about a year after this other time, and he again brings that question up. He says:

What is this resolution? Is it a proposition about getting ships to carry our exports overseas during the continuance of this war? It has nothing at all to do with the war, but it has much to do with the question of agriculture, the distribution of agriculture. It has to do with the question of the world's price of the staples, and it has to do with the home price of staples. Say, for instance, that the price of wheat in Liverpool is \$1; in other words, the buyer there says, "I will give you a dollar per bushel for wheat." The producer in this country says, "Very good; give me the dollar and I will give you the bushel of wheat," and the buyer in Liverpool says "All right; deliver it right here in my warehouse and you may have the dollar."

And so you see that a carrier is wanted to carry it over the sea, and now if it costs a cent a bushel for delivery from New York to Liverpool the American seller will receive 99 cents for the wheat, or 1 cent deducted from the dollar. If it should cost 25 cents for delivery from New York to Liverpool it would only leave the New York seller 75 cents net a bushel. Seventy-five cents net for what? Is it for the quantity exported? Yes; and, more than that, for the remaining quantity that is left in the home market. For the export price for the staples is the home price likewise, and right here we see there is a great difference between the price-fixing mode of the staples and the price-fixing mode of the manufactures. The cost of carriage on neckties or shoes may advance or decline, but that cost of carriage will not increase or diminish the home or foreign price of all other neckties or shoes. But in the case of the staples of agriculture, inasmuch as they are sold in the bourses, pits, or exchanges, which are practically the world's megaphones, speaking to one another, it thus follows that an increase or decrease in the cost of carriage has an immediate and direct effect in the home market and an indirect effect in the world's price. And this I tried to explain at the last joint meeting that we held on August 1, between the representatives of the Department of Agriculture and the Department of Commerce, when Mr. Harris, the Director of the Census, presided. You will remember, Mr. Harris, the illustration I gave; let me repeat it. We attach a hook in the ceiling and fasten a pulley on the hook, then pass a rope through this pulley and pass the two ends of the rope down on a line horizontal to our arms. We take one end of the rope in the left hand and let that represent the home market price of the staples of agriculture, and we grasp the other end of the rope in the right hand and call it the carrier, and then we do this [indicating]; in proportion as we raise the right hand, down will come the left hand, and as we press the right hand down, up will go the left hand. In other words, when you raise the cost of carriage you lower the home market price correspondingly, and when you reduce the cost of carriage you raise the home market price correspondingly.

And so we see that if we give the carrier full play he has it in his power to raise and lower the home price at will, and in the matter of ocean carriage, if there is a combination of shipowners, they can raise and lower the world's prices at will; they can raise the price of carriage and thus lower the cost of the product and then go into the pit and buy. They can then lower the cost of carriage and raise the price of the product correspondingly, and then sell. They can do this, and make so much money out of producer and consumer until they are tired gathering in money. They can not do this with raising and lowering the cost of carriage on neckties, shirts, typewriters, or desks, but they can do this on the staples of agriculture, because manufactured merchandise is transported at fixed rates, with 30 or 60 days' notice of a change of rates, but the staples of agriculture have no fixed rates of carriage at all. The rate can be 1 cent a bushel one day and it can be 25 cents a bushel the next day.

Now, you and I know that a buyer of manufactured goods must figure it all out in buying, the charge at the place of sale, the cost of carriage to lay the goods down. Without such calculation he could not rationally buy. Now, then, how is a man to buy the staples of agriculture or how is the producer to sell it? What is the basis for their calculation? Since the cost of carriage is an unknown factor, how is the price to be arrived at? We are driven to the conclusion that there is no rational way of arriving at what the price should be. There is a rational way for buying and selling merchandise, for the cost of carriage of merchandise is fixed with 30 or 60 days' notice for any change. But in the case of staples of agriculture there can be no basis for calculation so long as the cost of carriage may vary from day to day and from hour to hour.

"Give us this day our daily bread," and the good Lord gives us this bread, but a lot of irresponsible shipowners come along and by

arbitrarily changing the rates of ocean carriage from day to day, and from hour to hour—by doing this, they put a measuring rod on the bread, which in substance is the same as saying, "The good Lord gives you the bread all right, but we, the shipowners, shall determine for you what the size of that loaf shall be," and when the shipowners have that power they have more power than presidents, emperors, czars, kings, or princes upon this earth, and that is too great a power to have. They should have no such power; it does not fit in with the twentieth century. It is not sensible; it is not just; it is not right; and it should stop and stop for good.

That was the condition prior to the war with reference to this subject. There is not only an emergency now that calls for this legislation; there is a prospect ahead of us that calls for it. The condition before the war was getting to be almost impossible, especially with regard to the transportation of freight. As to the passenger transportation, that was controlled by conference agreements, pools, and combinations. Generally the same condition prevailed as to freight, except the North Atlantic freight. The freight moving southward was all parceled out and controlled by combinations and conference agreements, rates fixed as these people saw fit to fix them, and after the war, of course, the same situation would ordinarily obtain.

DEVELOPMENT OF SHIPS AND SHIPPING.

Now, I wish to make some general observations on the development of shipping and what it means. From the Roman wooden ship with leather sails, the Venetian buss, the Viking ship, to the magnificent liner of to-day is a romantic and interesting story. From the expedition of Richard I, which taught English sailors, to the trip of the *Oregon*, the story embraces discoveries of continents and world communication. In the period from the laws and judgments of Oléron, in 1194, to the modern admiralty laws and rules and regulations respecting navigation, the history of civilization and enlightenment has been written. Improvement has followed improvement in design, construction, and motive power, and the great shipyards of Belfast and elsewhere are to-day preparing to build ships one-third larger than the *Olympic* and *Titanic*. The tendency is to overdo size at the expense of safety and to stress speed to the increase of risk and danger.

From the days of the celebrated East India Co., chartered in 1599 by Elizabeth to the Earl of Cumberland and about 200 knights and merchants, it has been the experience that trade is developed by going after it. The largest ship of this company was the *Dragon*, 600 tons. One wonders what the earl would think of the 56,000-ton *Vaterland*. Ships have increased in size on an average of a hundred tons a year.

The American clippers, the fast-sailing Baltimore brigs, were once our pride, and compelled British shipowners to devise new designs. The period of the sailing ship was between 1850 and 1890. The keenest rivalry for the ocean carrying trade of the world existed between the United Kingdom and the United States during the first half of the nineteenth century. American foreign trade spurted ahead about 1830, and by the year 1850 our total tonnage, including lake and river craft, was only about 750,000 tons below that of England. By 1861 the margin was reduced to about 250,000 tons.

After the Civil War we concentrated our efforts on internal development. British shipbuilders produced a faster and better type than our clippers. They substituted iron for wood as material for construction. England repealed in 1849 her old navigation laws, and five years later threw open her coasting trade to all comers. These were the operative causes for the decline of American shipping.

It is worth noting, though our own experience causes us not to be surprised, that British shipowners protested most vigorously against changing the navigation laws and declared most earnestly that they would be ruined. These shipowners had insisted on more and more restrictions. They caused the passage of the act prohibiting any foreign ships trading with the "American Plantations" (Colonies) unless licensed, and in October, 1851, Cromwell's full policy came into operation and the navigation act provided that no goods or commodities whatever of the growth, production, or manufacture of Asia, Africa, or America should be imported into England, Ireland, or the English Plantations except in British-built ships, owned by British subjects, or of which the captain and not less than 75 per cent of the crew were British subjects. The war with Holland resulted. All this legislation and all these provisions were repealed in 1849. It is still the law, however, that the trade from any one part of any British possession in Asia, Africa, and America to another part of the same possession can only be carried on in British ships.

In October, 1849, we threw open the foreign trade of the Union, but retained the coasting trade in its integrity for the benefit of American bottoms.

The trans-Atlantic service as it exists to-day really commenced in 1838 with the steamers *Sirius* and *Great Western*. The auxiliary steamer *Savannah* crossed the Atlantic in 1819, taking 29½ days. The *Sirius* crossed in 17 days and the *Great Western* in 15 days. In 1905 the turbine steamer *Virginian* made the record Atlantic passage in 4 days and 6 hours.

The desire for speed has always been an unfortunate feature of trans-Atlantic voyages. Always good business management has been as essential to success as fine ships and powerful engines. The invention of the compound engine solved the problem of producing a cargo steamer which would be a commercial success. The typical cargo steamer, as given by Mr. Kirkaldy, measures 7,760 tons gross, 4,870 tons net; length, 470 feet; beam, 54 feet; depth of hold, 31 feet. Her cargo-carrying capacity is 10,400 tons; consumption of coal, 68 tons a day; steams 4½ knots per ton; average sea speed, 13 knots per hour. He estimates the cost of transporting a ton of goods 1,000 miles at 2 shillings. Such a steamer ought to be built for not exceeding \$600,000.

The authorities say shipping is divided into two great classes—the liner, carrying passengers, mail, and cargo, and the tramp, fitted to go anywhere and do anything, capable of picking up freight at a large number of widely scattered ports. The tramp is the one great ship which has carried civilization into the remotest parts of the earth by opening up trade routes, and it has never been subsidized by any country.

The English adopted the policy of combinations about 10 years ago when they thought Americans were endeavoring to get command of the north Atlantic trade by forming the International Mercantile Marine Co., consisting of the White Star, American, Red Star, Atlantic Transport, Leyland, and Dominion Lines, the fleet in 1912 numbering 126 ships and moving 1,140,000 gross tons. Out of this precedent amalgamations and working agreements have flourished exceedingly. This "unification of interests" tends irresistibly toward a gigantic world monopoly under the control of the leaders of British shipping.

In the continental and international conference now in operation the procedure followed is based on—

First, a division of areas.

Second, a consolidation of rebate systems.

Third, agreements or understandings that the same rates are to be charged on similar goods from the United Kingdom and the Continent.

The gross tonnage of ships and steamers belonging to the United Kingdom in 1912 was 18,213,620, which, together with 1,660,740 tons belonging to the Colonies, gives a total of 19,874,360 for the Empire.

England has appreciated the importance of a merchant marine. She does a business of \$65,000,000,000 a year. It means commerce and exchange, without which the conditions of living for the greater part of mankind would be one of uncertainty. Thereby the luxuries of the rich have become the necessities of daily life.

The land road and the caravan were the original route and vehicle of exchange. The water road, river, lake, and sea was developed. First, coasting voyages were attempted. Then the ocean route was opened up and the countries of the world were brought into touch. Railways revolutionized the land route. The engineer, scientist, and navigator have carried the world's trade to all points of the earth's surface possessing economic advantage.

By removing the bar at Suez the distance between western Europe and India was reduced 4,000 miles. The advice to Philip II that "what God had joined together man must not part asunder" has been recognized as a species of superstition. The isthmus has been pierced, and the distance and danger of voyages from Europe to Pacific ports and countries have been greatly reduced by the opening of the Panama Canal. The cruelty and wrongs of the Spanish Main growing out of the absurd bull by Pope Alexander VI, giving Spain and Portugal exclusive rights on the seas, disappeared along with the recognition that the sea is the open free highway of trade for all the people of the earth.

English shipowners strongly opposed the building of the Suez Canal. Engineers said it could not be done. It took 10 years to break down the opposition. New types of ships were built. The British flag is first among the 5,000 ships which pass through it annually. The time required is 17 hours, and the original £20 shares are now worth £220.

Increased trade means cheaper transports and cheaper goods, raises the standard of living, and furthers the ends of civilization.

The great industrial and manufacturing centers of the world are the United Kingdom, Germany, and the Eastern States of the United States. The great food-producing countries are

North and South America, parts of eastern Europe, and the countries of the Far East, including Australia and New Zealand. The United States is the only country which is not only a hive of manufacturing industry but also produces sufficient food for themselves and a large quantity for export. This means a large trade in the export of both manufactured goods and food-stuffs. What we need are ocean carriers. The countries supplying raw material are northwestern Europe, North and South America, India, China, Japan, and Australasia.

The Panama Canal will give our manufacturers an advantage of 2,500 miles over British manufacturers to New Zealand. All Japanese and New Zealand and Australasia ports east of Port Lincoln will be nearer New York via Panama than to London by any route.

The western coasts of South and Central America are opened up to us. Our own eastern and western coasts are brought into water communication. We are proceeding to deal with that factor in commerce, the rate of exchange. Goods pay for goods in international trade, but the relation is fixed by money values. The bill of exchange is the medium for settling the great bulk of international trade. The price of a bill is known as the rate of exchange, and this is definitely determined by the cost of transporting and insuring gold. Fluctuations and difficulties are experienced with China, because she does not have the gold standard.

Considering this bare sketch of conditions to-day without regard to disturbances by the European war we can understand how it is stated by English authorities that the focusing points of the world's shipping routes now are:

First, that stretch of sea lying between the south of Ireland and Ushant, where St. Georges Channel, the British Channel, and the English Channel all merge in the Atlantic Ocean.

The second great focusing point of the world's shipping routes at present lies between Cape Race and Long Island.

The Panama Canal will give the third, perhaps destined to become as important as the other two. American coal should be stored at both ends of that canal.

An American merchant marine would add to our prosperity, give us foreign markets, strengthen us among the nations and benefit all those with whom we would form friendly relations thereby.

Let us not overlook our opportunities nor shirk our responsibilities.

The passage of this bill means work for our shipyards, steady shipbuilding and ship repairing, putting these industries under full steam, causing their highest development and greatest efficiency, resulting in enabling them to turn out work as favorable to builders as the yards of any country can. Perfection in designs and types of standards have not been reached. We can accomplish as much in that direction as any other people. Private enterprise will be thus encouraged and helped. The trade routes just now are in a situation to be shaped as our trade possibilities demand, and as those entirely feasible are established it becomes simply a question of growth. The development is bound to afford opportunities inexhaustible in extent for private capital. The intervention of the Government while benefiting the producers and shippers of the country will likewise advantage, not injure, what is known as the shipping interests in the legitimate pursuit of their business.

It will be a mistake for which the future will pile up increasing regret if we fail at this opportune time to take proper care of our foreign commerce by doing what will place us on a solid footing from which we can shove out from shore a definite, substantial beginning of an American merchant marine, launched with the purpose that it shall not be scuttled, but that every care shall be taken that the fleet shall grow, increased by private enterprise, serving our country in every capacity needed, carrying our flag and good will on every sea.

PETITIONS AND MEMORIALS.

Mr. KERN presented petitions of the United Mine Workers' Association of Jasonville, Terre Haute, Newburg, and Hymers, all in the State of Indiana, praying for the enactment of legislation to extend the Bureau of Mines, which were referred to the Committee on Mines and Mining.

He also presented petitions of sundry citizens of Stendal, Jonesville, and Woodburn, all in the State of Indiana, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

Mr. PERKINS presented petitions of sundry citizens of Los Angeles, Cal., praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

Mr. TOWNSEND presented petitions of sundry citizens of Michigan, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented memorials of sundry citizens of Kalamazoo and Addison, in the State of Michigan, remonstrating against the enactment of legislation to authorize the Postmaster General, at his own discretion, to exclude matter from the mail, which were referred to the Committee on Post Offices and Post Roads.

Mr. McLEAN presented petitions of Local Branch No. 84, Workmen's Sick and Death Benefit Fund, of Meriden; of the German-American Alliance of Norwalk; and of sundry citizens of Danbury and South Norwalk, all in the State of Connecticut, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented a petition of the Trades Council of New Haven, Conn., praying for the enactment of legislation to regulate interstate commerce in convict-made goods, which was ordered to lie on the table.

Mr. OLIVER presented petitions of sundry citizens of Pennsylvania, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented memorials of sundry citizens of Stoneboro, Pa., remonstrating against the enactment of legislation increasing the Army and Navy equipment, which were referred to the Committee on Military Affairs.

He also presented a memorial of sundry citizens of Philadelphia, Pa., praying for the enactment of legislation to prohibit interstate commerce in the products of child labor, etc., which was referred to the Committee on Interstate Commerce.

He also presented memorials of sundry local branches of the United Mine Workers of America in the State of Pennsylvania, praying for the enactment of legislation to extend the Bureau of Mines, which were referred to the Committee on Mines and Mining.

He also presented a memorial of the Professional Club, of Philadelphia, Pa., remonstrating against the enactment of legislation to prohibit the intermarriage of white and colored persons in the District of Columbia and the Territories, which was referred to the Committee on the District of Columbia.

He also presented memorials of sundry citizens of Pennsylvania, remonstrating against the enactment of legislation to change the present practice of issuing Government stamped envelopes bearing printed return requests, which were referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of sundry citizens of Pennsylvania, remonstrating against the enactment of legislation proposing to restrict the freedom of the press, which was referred to the Committee on Post Offices and Post Roads.

Mr. CHAMBERLAIN presented petitions of sundry citizens of Oregon, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented memorials of sundry citizens of Oregon, remonstrating against the enactment of legislation to exclude certain publications from the mails, which were referred to the Committee on Post Offices and Post Roads.

Mr. TOWNSEND presented petitions of sundry citizens of Michigan, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented memorials of sundry citizens of Michigan remonstrating against the exclusion of certain matter from the mails, which were referred to the Committee on Post Offices and Post Roads.

Mr. BURLEIGH presented memorials of sundry citizens of Aroostook County, Me., remonstrating against the exclusion of certain matter from the mails, which were referred to the Committee on Post Offices and Post Roads.

He also presented a petition of the National German-American Alliance, of Lewiston, Me., praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which was referred to the Committee on Foreign Relations.

Mr. McLEAN presented petitions of Court Schiller, No. 117, Foresters of America of Meriden; of the Hungarian societies and sundry citizens of South Norwalk; of Rev. W. von Schenk and 130 other citizens of Rockville; and of sundry citizens of Danbury, all in the State of Connecticut, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

He also presented memorials of sundry citizens of Bridgeport, Conn., remonstrating against the exclusion of certain matter from the mails, which were referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of Gavel Lodge, No. 18, Knights of Pythias, of Naugatuck, Conn., remonstrating against any change being made in the existing law providing for the printing of Government return envelopes, which was referred to the Committee on Post Offices and Post Roads.

Mr. ROBINSON presented petitions of sundry citizens of Batesville, Ark., praying that an appropriation be made for the construction of seven locks and dams on the Upper White River, Ark., which were referred to the Committee on Commerce.

Mr. SHIVELY presented a petition of local union No. 2196, United Mine Workers of America, of Terre Haute, Ind., and a petition of Local Union No. 1967, United Mine Workers of America, of Hymers, Ind., praying for the extension of the work of the Bureau of Mines, which were referred to the Committee on Mines and Mining.

He also presented a petition of the Young People's Association of the First Evangelical Church, of Elkhart, Ind., and a petition of the Epworth League of St. Paul's Methodist Episcopal Church, of Elkhart, Ind., praying for the Federal censorship of motion-picture films, which were referred to the Committee on Education and Labor.

He also presented a petition of V. G. Tolbert, A. Heacock, B. C. Strode, and 47 other citizens of Decker, Ind., praying for the enactment of legislation authorizing a return of a citizen to his own State after his acquittal of the charge of crime in another State, which was referred to the Committee on the Judiciary.

Mr. POINDEXTER presented petitions of Local Union No. 2610 and Local Union No. 2583, United Mine Workers of America, of Roslyn, and of Local Union No. 2747, United Mine Workers of America, of Issaquah, all in the State of Washington, praying for the extension of the work of the Bureau of Mines, which were referred to the Committee on Mines and Mining.

He also presented petitions of Local Union No. 201, United Garment Workers, and sundry other labor organizations of Tacoma, and of Local Union No. 626, Culinary Alliance, and sundry other labor organizations of Walla Walla, all in the State of Washington, praying for the enactment of legislation to regulate interstate commerce in convict-made goods, which were referred to the Committee on Interstate Commerce.

He also presented a petition of the Woman's Christian Temperance Union, of Davenport, Wash., praying for national prohibition, which was referred to the Committee on the Judiciary.

He also presented a petition of the board of trustees of the Merchants' Exchange of Seattle, Wash., praying for the appointment of a commission to revise the navigation laws and regulations, and remonstrating against the passage of the pending ship-purchase bill, which was ordered to lie on the table.

He also presented memorials of the American Federation of Labor, of Philadelphia, Pa., and of Mr. A. O. Wharton, president railroad employees' department, American Federation of Labor, of St. Louis, Mo., remonstrating against the enactment of legislation to extend the boiler-inspection laws, which were referred to the Committee on Interstate Commerce.

He also presented petitions of the United Brotherhood of Carpenters and Joiners of America, Union No. 1335, and sundry other labor organizations of Seattle; Cigar Makers' Union No. 113 and sundry other labor organizations of Tacoma; of Timberworkers Union No. 2 and sundry other labor organizations of Everett; and Longshoremen's Union, Local No. 33-25, and sundry other labor organizations of Bellingham, all in the State of Washington, praying for the passage of the so-called La Follette seamen's bill, which were referred to the Committee on Commerce.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KERN:

A bill (S. 7459) for the relief of William E. Murray; to the Committee on Claims.

A bill (S. 7460) granting a pension to Anna Mitchell (with accompanying papers);

A bill (S. 7461) granting an increase of pension to John M. Taylor (with accompanying papers);

A bill (S. 7462) granting an increase of pension to Helen Morgan (with accompanying papers);

A bill (S. 7463) granting a pension to Rosalie A. Partridge (with accompanying papers);

A bill (S. 7464) granting an increase of pension to William E. Howard (with accompanying papers);

A bill (S. 7465) granting an increase of pension to Jacob Boyd (with accompanying papers); and

A bill (S. 7466) granting a pension to Margaret Hayden (with accompanying papers); to the Committee on Pensions.

By Mr. LA FOLLETTE:

A bill (S. 7467) granting an increase of pension to Lydia A. Brockway (with accompanying papers); to the Committee on Pensions.

By Mr. JONES:

A bill (S. 7468) granting an increase of pension to William R. Donaldson (with accompanying papers); to the Committee on Pensions.

By Mr. OLIVER:

A bill (S. 7469) granting an increase of pension to William Hawkins (with accompanying papers); to the Committee on Pensions.

By Mr. O'GORMAN:

A bill (S. 7470) granting a pension to Albert C. Schuman (with accompanying papers); to the Committee on Pensions.

By Mr. SHIVELY:

A bill (S. 7471) granting an increase of pension to Joseph A. Nolan;

A bill (S. 7472) granting an increase of pension to Michael Galligan;

A bill (S. 7473) granting an increase of pension to John P. Leister;

A bill (S. 7474) granting an increase of pension to Frederick W. Green;

A bill (S. 7475) granting an increase of pension to Elisha Thomas (with accompanying papers); and

A bill (S. 7476) granting an increase of pension to James B. Kitts (with accompanying papers); to the Committee on Pensions.

By Mr. ROBINSON:

A bill (S. 7477) granting a pension to Andrew J. Pope; to the Committee on Pensions.

By Mr. REED:

A bill (S. 7478) granting an increase of pension to Robert R. Ferris (with accompanying papers); to the Committee on Pensions.

By Mr. SWANSON:

A bill (S. 7479) granting an increase of pension to William Henry Beck; and

A bill (S. 7480) granting a pension to Viney Blanks; to the Committee on Pensions.

By Mr. O'GORMAN:

A bill (S. 7481) granting a pension to Frank J. Bauer (with accompanying papers); to the Committee on Pensions.

By Mr. BURLEIGH:

A bill (S. 7482) granting an increase of pension to James M. Palmer; and

A bill (S. 7483) granting an increase of pension to Gardiner Roberts, jr.; to the Committee on Pensions.

By Mr. SHIVELY:

A bill (S. 7484) granting an increase of pension to Jackson Smith; to the Committee on Pensions.

By Mr. OWEN:

A bill (S. 7485) granting an increase of pension to Job Ingram (with accompanying papers); and

A bill (S. 7486) granting a pension to Alice Cox (with accompanying papers); to the Committee on Pensions.

By Mr. CATRON:

A bill (S. 7487) granting an increase of pension to Aniceta R. de Lopez; to the Committee on Pensions.

A bill (S. 7488) for the relief of the owners of the Nicolas Duran de Chaves grant; to the Committee on Claims.

By Mr. OLIVER:

A bill (S. 7489) granting a pension to William Bowen; to the Committee on Pensions.

RIVER AND HARBOR APPROPRIATIONS (H. R. 20189).

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the river and harbor appropriation bill, which was referred to the Committee on Commerce and ordered to be printed.

Mr. THORNTON submitted an amendment intended to be proposed by him to the river and harbor appropriation bill, which was referred to the Committee on Commerce and ordered to be printed.

Mr. CULBERSON submitted an amendment intended to be proposed by him to the river and harbor appropriation bill, which was referred to the Committee on Commerce and ordered to be printed.

AMENDMENT TO ARMY APPROPRIATION BILL.

Mr. O'GORMAN submitted an amendment proposing to reappoint officers of the Army who were mustered out without a hearing under General Orders No. 1, January 2, 1871, etc., intended to be proposed by him to the Army appropriation bill (H. R. 20347), which was referred to the Committee on Military Affairs and ordered to be printed.

OMNIBUS CLAIMS BILL.

Mr. CATRON submitted an amendment intended to be proposed by him to the omnibus claims bill (H. R. 8846), which was ordered to lie on the table and be printed.

RECESS.

Mr. KERN. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to, and (at 10 o'clock and 15 minutes p. m., Thursday, January 28, 1915) the Senate took a recess until to-morrow, Friday, January 29, 1915, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

THURSDAY, January 28, 1915.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Lord, deliver us from the superstitions which make cowards of us all, the sins which make us slaves, and lift us into the higher realms of thought and purity, that we may worship Thee in spirit and in truth, think our own thoughts, act our own volitions, and harmonize our souls with Thy will. In the Christ spirit. Amen.

The Journal of the proceedings of yesterday was read and approved.

HOUR OF MEETING ON FRIDAY AND SATURDAY.

Mr. UNDERWOOD. Mr. Speaker, in order to expedite the passage of the naval appropriation bill, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow morning, Friday, and that when the House adjourns on Friday it adjourn to meet at 11 o'clock on Saturday morning.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow, and that when it adjourns to-morrow it adjourn to meet at 11 o'clock a. m. Saturday. Is there objection?

Mr. BORLAND. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman if it is intended to bring on the naval appropriation bill right immediately following the disposal of the Agricultural bill?

Mr. UNDERWOOD. Yes. If we finish the Agricultural bill to-day at an early enough hour, I think the chairman of the Committee on Naval Affairs expects to take up the naval appropriation bill to-day.

Mr. BUTLER. Has the gentleman consulted with the chairman of the Committee on Naval Affairs? I notice that he is not here.

Mr. UNDERWOOD. Yes. I am making the request at his suggestion.

Mr. BUTLER. I thank the gentleman very much.

Mr. BARTLETT. Is it the desire of the gentleman from Alabama and that of the gentleman from Tennessee, the chairman of the Committee on Naval Affairs, that the naval appropriation bill shall follow this bill?

Mr. UNDERWOOD. The Speaker arranges how the bills shall come in. My understanding is that the chairman of the Committee on Naval Affairs will be recognized.

Mr. BARTLETT. Yes. That is perfectly satisfactory to me.

Mr. MANN. I suppose that is a matter between the gentleman from Tennessee [Mr. PADGETT] and the gentleman from Georgia [Mr. BARTLETT]. We might be able to run in the pension appropriation bill at some odd moment.

The SPEAKER. The Chair takes these bills up in the order in which they are reported, unless there is some good reason for acting otherwise upon them.

Mr. BARTLETT. Then, Mr. Speaker, acting on the suggestion of the chairman of the Committee on Naval Affairs, I suggest that the Naval appropriation bill, if ready, shall follow the Agricultural bill.

Mr. UNDERWOOD. The Speaker has not put the question.

The SPEAKER. Is there objection?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

A message, in writing, from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries.

EXTENSION OF REMARKS.

Mr. BULKLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Ohio [Mr. BULKLEY] asks unanimous consent to extend his remarks in the RECORD. Is there objection?

Mr. MANN. Assuming that it is on the subject of rural credits, is that to print a lot of stuff in the RECORD?

Mr. BULKLEY. It is for printing some information on the subject of rural credits.

Mr. MANN. It is not newspaper clippings and the like?

Mr. BULKLEY. No. It is careful work.

The SPEAKER. Is there objection?

There was no objection.

AGRICULTURAL APPROPRIATION BILL.

Mr. LEVER. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 20415, the Agricultural appropriation bill.

The motion was agreed to.

The SPEAKER. The gentleman from Missouri [Mr. HAMLIN] will take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 20415, the Agricultural appropriation bill, with Mr. HAMLIN in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 20415, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 20415) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1916.

The CHAIRMAN. The Clerk will proceed with the reading of the bill for amendment.

The Clerk read as follows:

DIVISION OF PUBLICATIONS.

Salaries, Division of Publications: One editor, who shall be chief of division, \$3,250; 1 editor, who shall be assistant chief of division, \$2,500; 1 chief clerk, \$2,000; 2 assistant editors, at \$2,000 each; 4 assistant editors, at \$1,800 each; 1 assistant editor, \$1,600; 1 assistant editor, \$1,400; 1 assistant editor in charge of indexing, \$2,000; 1 indexer, \$1,400; 1 assistant in charge of illustrations, \$2,100; 2 draftsmen or photographers, at \$1,600 each; 2 draftsmen or photographers, at \$1,500 each; 2 draftsmen or photographers, at \$1,400 each; 1 draftsman or photographer, \$1,300; 6 draftsmen or photographers, at \$1,200 each; 1 assistant photographer, \$900; 1 assistant in charge of document section, \$2,000; 1 assistant in document section, \$1,800; 1 foreman, miscellaneous distribution, \$1,500; 1 forewoman, \$1,400; 1 clerk, class 3; 1 clerk, class 2; 9 clerks, class 1; 16 clerks, at \$1,000 each; 40 clerks, at \$900 each; 18 clerks, at \$840 each; 2 skilled laborers, at \$900 each; 8 skilled laborers, at \$840 each; 4 skilled laborers, at \$780 each; 16 skilled laborers, at \$720 each; 1 folder, \$1,000; 2 folders, at \$900 each; 2 skilled laborers, at \$1,100 each; 1 skilled laborer, \$1,000; 2 messengers, at \$840 each; 2 messengers, at \$720 each; 3 messengers or messenger boys, at \$600 each; 2 messengers or messenger boys, at \$480 each; 2 messengers or messenger boys, at \$420 each; 2 messengers or messenger boys, at \$360 each; 1 laborer, \$840; 2 laborers, at \$600 each; 4 charwomen, at \$480 each; 3 charwomen, at \$240 each; in all, \$174,750.

Mr. BORLAND. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Missouri [Mr. BORLAND] moves to strike out the last word.

Mr. BORLAND. Mr. Chairman, I have noticed in dealing with this particular bureau of the Department of Agriculture that they have a system of writing a letter, written on a typewriter by some clerk, signed by the Chief of the Bureau of Publications, in response to every addressed frank that is sent to them requesting that a publication be sent to any person in the United States. I have frequently gotten as high as a dozen or 20 of these in a single morning in response to addressed franks sent out by my clerk.

Now, it seems to me that that is a great deal of labor, to write a letter of some five or six lines on a typewriter, merely to tell me that the addressed frank has been used and that the publication has been sent. It may be a matter of very trifling interest to me and not of very great interest to the man who receives it. Still he is entitled to the Government publication, and I am glad to send it to him, and sometimes it is of value. But it does not seem to me that it is necessary to write a letter about it.

Mr. RUBEY. Mr. Chairman, will my colleague yield?

Mr. BORLAND. Yes.